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2013

BEST
PRACTICES
AWARD

Greater China Growth Excellence Award
IP-VPN Market



CITIC TELECOM CPC

2013 FROST & SULLIVAN
GREATER CHINA
GROWTH EXCELLENCE AWARD
IN IP-VPN MARKET

**FROST & SULLIVAN'S
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Frost & Sullivan's Global Research Platform

Frost & Sullivan over 50 years of experience with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360 Degree Perspective™, which serves as a foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the award for 2013 Frost & Sullivan Greater China Growth Excellence Award in IP-VPN Market to CITIC Telecom CPC.

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SIGNIFICANCE OF THE GROWTH EXCELLENCE AWARD

Overview of IP-VPN Market in Greater China

In the Greater China enterprise data services market, the traditionally dominant position of leased line circuits is witnessing increasing migration to IP-VPN services, due to certain limitations of leased line services, such as its lack of agility and high cost. To respond to the rapidly changing market, many major enterprise data service providers have opted to increase their investments in the IP-VPN service. In addition, large enterprises with business operations across multiple locations are usually the major spenders in the IP-VPN market. As a consequence, there is tremendous business potential for service providers providing enterprise customers with one-stop solutions that fully integrate network infrastructure offerings, business solutions, product customisation and professional services.

Frost & Sullivan estimates the Greater China IP-VPN market to be valued at US\$2.39 billion in 2012 with a YoY growth rate of 27.9 per cent. As key verticals such as telecom, BFSI and government, are usually the early adopters of new technologies and have specific requirements for network security, they are driving the greatest demand for IP-VPN services in Greater China, and will continue to lead market demand over the short term.

Some key drivers for the increasing demand for IP-VPN services include:

- Geographically dispersed organisations have created the need to be connected across different office locations.
- Greater need for network reliability as the complexity of applications increase. It is particularly important to have a secure and reliable network for data transmission, since real-time processing for application workload has become a common standard for many industries.
- A change in enterprise business model, such as adoption of mobility and unified communications solutions, has led to a significant increase in data traffic.
- Enterprises' higher acceptance towards new technologies is also driving a rapid migration to the IP network.

Key Benchmarking Criteria for the Company of the Year Award

For the Company of the Year Award, the following criteria were used to benchmark CITIC Telecom CPC's performance against key competitors:

- Revenue and Revenue Growth
- Market Share and Market Share Growth
- Innovation and Achievements
- Point of Presences (PoPs) in Greater China
- Regional and Global Delivery Capabilities
- Quality of Services

Decision Support Matrix and Measurement Criteria

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies' performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each Award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and Award category. The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are shown in Chart 1.



Chart 1: Performance-Based Ratings for Decision Support Matrix

This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.



Chart 2: Frost & Sullivan's 10-Step Process for Identifying Award Recipients

BEST PRACTICES AWARD ANALYSIS FOR CITIC TELECOM CPC



CITIC TELECOM CPC

The Decision Support Matrix, shown in Chart 3, illustrates the relative importance of each criterion for the Asia Pacific Best Practices Award and the ratings for each company under evaluation. To remain unbiased and to also protect the interests of the other organisations reviewed, we have chosen to refer to the other key players as Competitor 1 and Competitor 2.

Measurement of 1-10 (1 = lowest; 10 = highest)	Award Criteria			Weighted Rating
	Growth Strategy and Implementation	Degree of Innovation into Business Processes	Leadership in Customer Value and Market Penetration	
RELATIVE WEIGHT (%)	33.3%	33.3%	33.3%	100%
CITIC Telecom CPC	9.5	9.0	8.0	8.8
Competitor 1	8.0	8.0	9.0	8.5
Competitor 2	9.0	8.5	7.5	8.3

Chart 3: Decision Support Matrix

Criterion 1: Growth Strategy and Implementation

CITIC Telecom CPC has more than 12 years of experience in the VPN arena and has successfully established itself as a leading IP-VPN service provider in the Greater China region. As its core offering, TrueCONNECT™ Solution Suite provides its enterprise customers with a wide spectrum of secure and reliable connectivity services for video, voice, data traffic and critical applications.

The company mainly targets large enterprises with multiple operations across different regions. CITIC Telecom CPC's customer base has gradually evolved from being dominated by traditional manufacturing companies to a diverse set of industry verticals as the company has successfully expanded into new verticals such as logistics and supply chain, professional services and retail stores. Besides its noteworthy push into Mainland China, the company has extended its PoPs in the ASEAN region and tap into the growth opportunities across Asia.

With the careful implementation of its growth plans, CITIC Telecom CPC was able to achieve an exemplary growth rate in 2012, which outperforms most of its competitors in the Greater China VPN market.

Criterion 2: Degree of Innovation into Business Processes

To ensure its continued excellence in the VPN market, CITIC Telecom CPC has put much effort in service enhancement and product innovation. The newly released product, TrueCONNECT™ Wireless, meant to complement the TrueCONNECT™ product series, further extends its VPN service capability and allows customers to securely connect to MPLS IP-VPN via wireless access from anywhere. This product launch offers a flexible and quick deployment model for connectivity services to better serve customers with distributed branch offices or large demand for mobility services, which is becoming more common in the VPN market.

CITIC Telecom CPC continued to work closely with its various technology partners to enhance the user experience of its own VPN network. For instance, the company partners with Riverbed Technology for Steelhead appliances to provide managed WAN optimisation services under another unique product offering, TrueCONNECT™ Accelerator, ensuring the fast and smooth running of numerous applications on a single network.

Moreover, the company has a certain degree of exposure to network analytics and plans to develop and introduce a solution in this new area in future to further optimise its network performance.

The company's three pivotal offerings-MPLS VPN services, cloud computing and information security, branded as TrueCONNECT™, SmartCLOUD™ and TrustCSI™ respectively complement each other seamlessly. The IP-VPN services have set a solid foundation for high-speed cloud delivery and serve as a crucial network platform for private and hybrid cloud models while the security services ensure a reliable and trusted business environment for its enterprise customers. CITIC Telecom CPC successfully integrates these three technologies together to continuously drive its business and differentiate itself from the rest of the IP-VPN service providers.

Criterion 3: Leadership in Customer Value and Market Penetration

CITIC Telecom CPC has increased the coverage of TrueCONNECT™ MPLS VPN to over 50 PoPs in 2012, including its new presence in the US. In 2013, the company has further expanded its presence to over 60 PoPs globally. This demonstrates its commitment to support VPN services from any location. Meanwhile, with the set up of two more cloud centers in Singapore and Taiwan in 2012, added by another one in Beijing in 2013, the company is currently operating seven cloud centers in total and has firmly established its footprint across the region.

Besides its continuous outstanding performance in the regional market, CITIC Telecom CPC has continually expanded its presence and partner network in Mainland China, through the acquisition of China Entercom in 2012. This acquisition has enabled the company to be equipped with Mainland China market intelligence and to be positioned as a trusted partner for MNCs, HK-based companies, or even local Chinese companies, in terms of meeting their stringent requirements and facilitating their expansion plans across Mainland China. The professionalism and efficiency that CITIC Telecom CPC's in-house team has demonstrated on the VPN network deployment and management, as well as the prompt service support, has helped the company gradually build up its leadership position in customer value in the Greater China VPN market.

In addition, CITIC Telecom CPC is the first VPN service provider in Hong Kong to receive three ISO certificates, namely, ISO9001, ISO27001 and ISO20000.

Conclusion

Frost & Sullivan concludes that CITIC Telecom CPC is one of the few home grown service providers in the Greater China region that is particularly strong in offering secure and reliable IP-VPN services. Backed by its expanding customer base, continuous solution profile enhancement, and with its rapid presence expansion, CITIC Telecom CPC has positioned itself as a growth leader in the Greater China IP-VPN market. Moving forward, with extended partnerships and new market expansions, the company has much potential to achieve another milestone in Greater China and across the Asia Pacific region.

BEST PRACTICES AWARD ANALYSIS

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Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today's market participants. For more than 50 years, we have been developing growth strategies for the global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies? Contact us: Start the discussion

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