

## PRODUCT FLASH

### Alcatel-Lucent Summons the Next Phase of Carrier Ethernet Evolution

Eve Griliches

#### IN THIS PRODUCT FLASH

This IDC Flash discusses the expansion of Alcatel-Lucent's Carrier Ethernet portfolio, including a Carrier Ethernet framework for advanced services; the introduction of the 7210 Service Access Switch (SAS), a product focused on the customer edge for business services; and support for the Y.1731 OAM standard on the 7450 Ethernet Service Switch (ESS).

#### SITUATION OVERVIEW

Despite economic conditions, the Carrier Ethernet market is still one of the fastest growing markets in the telecom industry. IDC projects the overall growth of the Carrier Ethernet switching and routing (CESR) market to reach a 14.7% five-year compound annual growth rate (CAGR). But to enable this growth, carriers must continue to add value-added services to their portfolios for residential, business, and mobile customers.

How will they do that? In a few ways:

- ☒ For the residential market, optimization of bandwidth to each and every customer requires improvement and remains a challenge.
- ☒ For business services, end-to-end SLAs need significant improvement, especially when it comes to provisioning and management of those services.
- ☒ For mobility networks, the operational challenges of introducing Ethernet and large-scale Ethernet synchronization for next-generation mobile networks continue to be key issues.
- ☒ Targeted advertising in IP networks may come to fruition sooner than people think. Revenue from services supporting television, PCs, and mobile devices, not to mention global positioning integration, will dramatically escalate the potential for this market. Recommendations and profile models have great appeal to hold consumers to a service, and IDC believes that the privacy issues will be worked out during the process of devising these models.

Alcatel-Lucent is introducing a Carrier Ethernet framework to help providers deliver new applications that enable advanced services for residential, business, and mobile networks. This framework provides a vision for Alcatel-Lucent to introduce new products and services capabilities for the Carrier Ethernet market.

Alcatel-Lucent is also announcing the 7210 Service Access Switch (SAS). This is a customer premise equipment (CPE) product; most likely owned and managed by the service provider, it enables the extension of the Carrier Ethernet network to the customer premise. Based on merchant silicon, the product will not only meet carrier price points but also have operational advantages and the ability to deliver multiple services over one Ethernet link. This is a cost-effective Carrier Ethernet switch for providers that offer best-effort services in a controlled environment. The 7210 SAS-E, a version with Ethernet-based switched services, is available today.

The 7210 SAS-M (the "M" stands for MPLS) supports MPLS-based QoS and traffic management and will be available in 3Q09. This device will be applicable for larger providers planning to offer high-quality SLAs and can also be used in high (bandwidth) utilization networks such as the healthcare industry as well as connecting datacenters for disaster recovery. Providing end-to-end SLA management across product lines for Web 2.0 and converged services will hopefully address and handle the vast and unpredictable video traffic emerging on the networks today. Ultimately, this means that bandwidth can be allocated on the basis of the application signature, thereby highly optimizing the service in order for the provider to claim potentially increasing revenue. Both 7210 SAS versions leverage the same operating system as the 7450 ESS and 7750 SR product lines do, SR OS. Not to be overlooked is the integrated end-to-end service provisioning and management from CPE to core with the 5620 Service Aware Manager (SAM).

There was no question that CPE-based Carrier Ethernet switches would come to market, it was just a matter of timing and when the market would be ready for them. IDC believes the growth of Ethernet services worldwide is enabling this growth and expanding the market for these products right now.

It cannot be understated how important end-to-end management will be in all-IP networks. Release 7.0 of the 7450 ESS will support the Y.1731 OAM standard for fault management, fault monitoring, performance management, and standards-based service assurance agent. IDC believes that the integration of the standards-based OAM and integrated network management is key for creation of advanced services worldwide.

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## FUTURE OUTLOOK

IDC believes this is a good product release for Alcatel-Lucent. It helps define the Carrier Ethernet challenges, and shows how the company will address them in 2009. It also delivers a new product in an emerging market. We believe other vendors have and will begin to deliver products similar to those of Alcatel-Lucent, but may or may not have the entire end-to-end SLA management. This is a strong first-of-the-year announcement for Alcatel-Lucent.