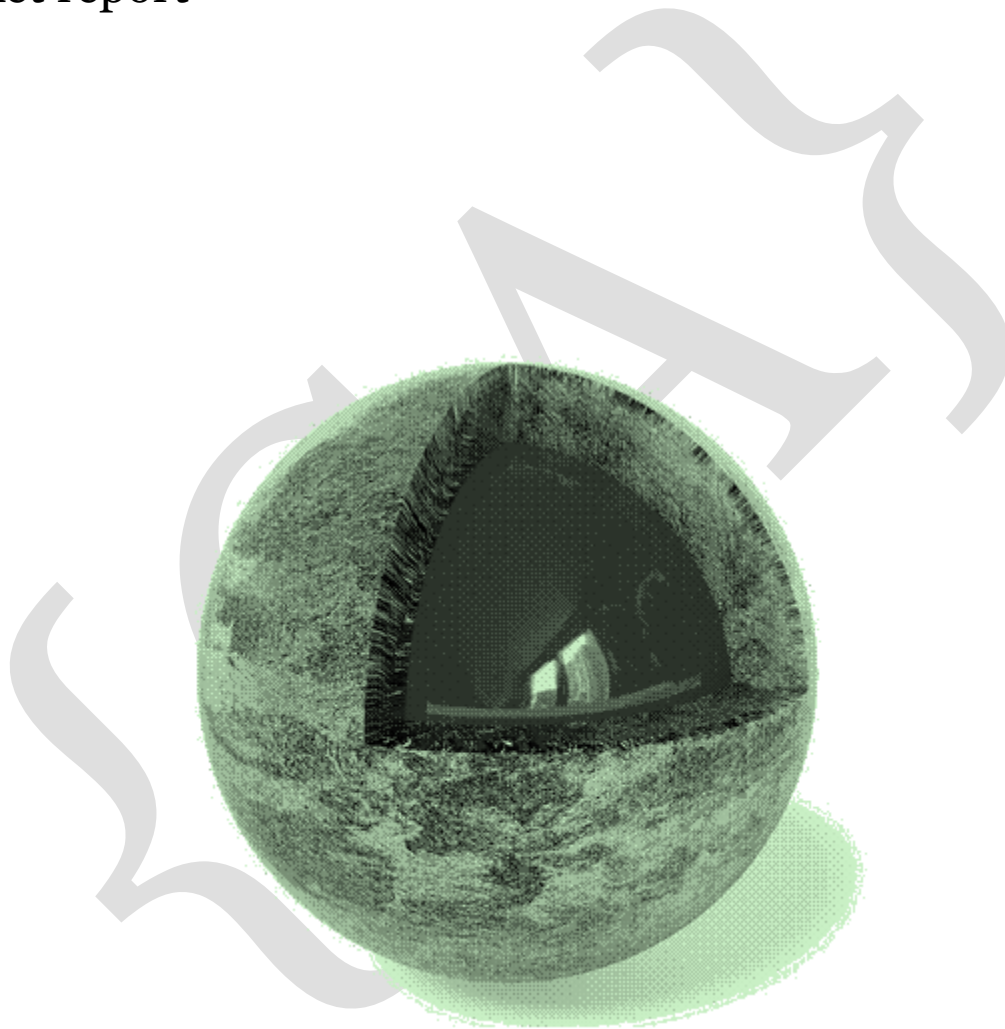


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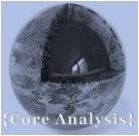


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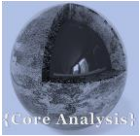
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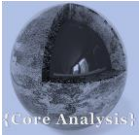
Table of Contents

- Table of Figures 4
- About this report 6
- About {Core Analysis} 7
- Executive Summary..... 8
- I. Mobile Edge Computing..... 10
 - 1. A little background..... 10
 - 2. ETSI ISG MEC..... 11
 - 3. Members and participants 12
 - 4. Benefits..... 13
 - 4.1. Ultra-low latency 13
 - 4.2. Increased battery life..... 15
 - 4.3. RAN feedback to content and application providers..... 15
 - 4.4. Bandwidth or upstream hungry applications17
 - 4.5. Contextual content and services17
 - 4.6. Cost reduction 18
 - 4.7. New revenue streams 18
- II. Technology..... 20
 - 1. Architecture..... 20
 - 2. Challenges 24
 - 2.1. Standards limitations 24
 - 2.2. Performance or flexibility..... 25
 - 3. Deployment scenarios 26
- III. Use cases 27
 - 1. Optimization 27
 - 1.1. Caching 27
 - 1.2. TCP optimization..... 28
 - 1.3. Video optimization30



Mobile Edge Computing 2016 for Customer

- 1.4. Services and users' awareness..... 31
- 2. Security..... 32
 - 2.1. DDOS attack prevention 32
 - 2.2. Security gateway and secure traffic local loop 32
 - 2.3. Network slicing and instrumentation 34
 - 2.4. Public safety and venue services 36
- 3. Video services..... 37
 - 3.1. Voice and video over LTE quality 37
 - 3.2. Video services (analytics, security camera) 37
- 4. Enterprises services 39
 - 4.1. Enterprise private RAN and cloud..... 39
 - 4.2. Enterprise local and unified communication 40
- 5. Consumer services 42
 - 5.1. Cached content and services 42
 - 5.2. Local venues video loop with LTE broadcast..... 42
 - 5.3. Augmented reality 42
- 6. Vertical services..... 45
 - 6.1. IoT Gateway..... 45
 - 6.2. Car2X..... 46
- IV. Market size and dynamics..... 48
- V. Vendors profiles..... 49
 - 1. ADLINK..... 49
 - 2. ADVA..... 52
 - 3. Cisco 55
 - 4. Nokia 56
 - 5. PeerApp 58
 - 6. Quortus..... 62
 - 7. Saguna Networks 64
 - 8. Vasona Networks 68



Mobile Edge Computing 2016 for Customer

...END71

Table of Figures

Figure 1: Average Web page size and objects growth 13

Figure 2: Speed and latency in mobile networks 14

Figure 3: Battery life comparison between LTE and 5G 15

Figure 4: MEC Architectural framework20

Figure 5: ETSI NFV Architectural framework 21

Figure 6: MEC Host architecture 22

Figure 7: ME Platform architecture 22

Figure 8: MEC orchestration and platform management architecture 23

Figure 9: Telefonica hypervisor bypass 25

Figure 10: TCP impairments 28

Figure 11: Upstream video broadcast 30

Figure 12: Congestion / latency sensitive services 31

Figure 13: MEC Security gateway 33

Figure 14: Network slicing 34

Figure 15: Control layers in physical and virtualized environments 35

Figure 16: MEC video processing 37

Figure 17: Enterprise class of services 39

Figure 18: MEC enterprise data center 40

Figure 19: Augmented reality example 43

Figure 20: Nokia car 2x 46

Figure 21: ADLINK SETO 1000 Software NFVI 50

Figure 22: ADVA and Spirent edge testing 52

Figure 23: ADVA Virtual Mobile Edge 53

Figure 24: Nokia Airframe server 56

Figure 25: PeerApp local delivery network 59

Figure 26: PeerApp content-rich mobile edge 60

Figure 27: Quortus ACS MEC demo 62

Figure 28: Quortus MEC VoLTE 63

Figure 29: Saguna and Juniper MEC PoC topology 65

Figure 30: Saguna and Juniper MEC PoC architecture 66

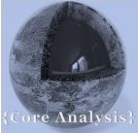
Figure 31: ADLINK SETO 1000 66



Mobile Edge Computing 2016 for Customer

Figure 32: Vasona SmartAir 100069
Figure 33: Vasona premium managed services69
Figure 34: Vasona premium subscriber services69

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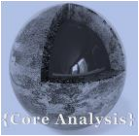


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About this report

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About {Core Analysis}



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Founder & CEO
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Patrick Lopez has nearly 20 years of international progressive experience in product and technology introduction in the United States, Canada, Switzerland, Ireland and France.

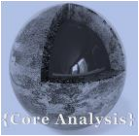
Founder and CEO of [{Core Analysis}](#), he provides advisory services to technology vendors, board of directors, carriers and venture capital firms on OTT video. As an analyst, he presents at influential industry forums and conferences and publish an acclaimed blog, industry articles and reports. In 2016, he is chairman / speaker at [5G World Summit, NFV World Congress, and SDN / NFV Summit](#)

Recent achievements:

- {Core Analysis} was [exclusive advisor to Opera Software](#) in its acquisition of Skyfire for \$155 millions.
- Presented at NAB (National Association of Broadcasters) on PayTV vs OTT strategies and business models.
- Presented at United Nations' ITU Telecom on convergence of broadband and broadcast.

Patrick has collaborated to various industry reports including Deutsche Bank, JP Morgan, Morgan Stanley Credit Suisse First Boston, IDC, Frost & Sullivan, Yankee group, Ovum, Informa... and has written several articles in collaboration with The Wall Street Journal, TMCNet, Wireless Week, RCR Wireless News, CNN and CNBC Europe.

Patrick holds a MBA in Corporate Management and Bachelor Degree in Marketing Strategy.



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Executive Summary

2016 sees a sea change in the fabric of the mobile value chain. Google is reporting that mobile search revenue now exceed desktop, whereas 47% of Facebook members are now exclusively on mobile, which generates 78% of the company's revenue. It has taken time, but most OTT services that were initially geared towards "the internet" are rapidly transitioning towards "mobile".

The impact is still to be felt across the value chain.

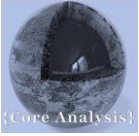
OTT providers have fundamentally different view of services and value different things than mobile network operators. While mobile networks have been built on the premises of coverage, reliability and ubiquitous access to metered network-based services, OTT rely on free, freemium, ad-sponsored or subscription based services where fast access and speed are paramount. Increase in latency impacts page load, search time and can cost OTTs billions in revenue.

The reconciliation of these views and the emergence of a new coherent business model will be painful but necessary and will lead to new network architectures.

Traditional mobile networks were originally designed to deliver content and services that were hosted on the network itself. The first mobile data applications (WAP, multimedia messaging...) were deployed in the core network, as a means to be both as close as possible to the user but also centralized to avoid replication and synchronization issues.

3G and 4G Networks still bear the design associated with this antiquated distribution model. As technology and user behaviours have evolved, a large majority of content and services accessed on cellular networks today originate outside the mobile network. Although content is now stored and accessed from clouds, caches CDNs and the internet, a mobile user still has to go through the internet, the core network, the backhaul and the radio network to get to it. Each of these steps sees a substantial decrease in throughput capacity, from 100Gbps to 20 Mbps or less. Additionally, each hop adds latency to the process. This is why networks continue to invest in increasing throughput and capacity. Streaming a large video or downloading a large file from a cloud or the internet is a little bit like trying to suck ice cream with a 3-foot bending straw.

Throughput and capacity seem to be certainly tremendously growing with the promises of 5G networks, but latency remains an issue. Reducing latency requires reducing distance between the consumer and where content and services are served. CDNs and commercial



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specialized caches (Google, Netflix...) have been helping reduce latency in fixed networks, by caching content as close as possible to where it is consumed with the propagation and synchronization of content across Points of Presence (PoPs). Mobile networks' equivalent of PoPs are the eNodeB, RNC or cell aggregation points. These network elements, part of the Radio Access Network (RAN) are highly proprietary purpose-built platforms to route and manage mobile radio traffic. Topologically, they are the closest elements mobile users interact with when they are accessing mobile content. Positioning content and services there, right at the edge of the network would certainly substantially reduce latency.

For the first time, there is an opportunity for network operators to offer OTTs what they will value most: ultra-low latency, which will translate into a premium user experience and increased revenue. This will come at a cost, as physical and virtual real estate at the edge of the network will be scarce. Net neutrality will not work at the scale of an eNodeB, as commercial law will dictate the few applications and services providers that will be able to pre-position their content.

Mobile Edge Computing provides the ability to deploy commercial-off-the-shelf (COTS) IT systems right at the edge of the cellular network, enabling ultra-low latency, geo-targeted delivery of innovative content and services. More importantly, MEC is designed to create a unique competitive advantage for network operators derived from their best assets, the network and the customers' behaviour. This report reviews the opportunity and timeframe associated with the emergence of this nascent technology and its potential impact on mobile networks and the mobile value chain.