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AT&T will launch SDN service in 63 countries simultaneously this year, de la Vega says

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AT&T ([NYSE: T](#)) has some grand plans for its growing SDN-enabled network, one that will see the provider launch the new service in multiple countries.

Ralph de la Vega, vice chairman of AT&T and CEO of AT&T Business Solutions and AT&T International, told investors during the 44th Annual JP Morgan Global Technology, Media and Telecom Conference that while he could not name the service yet, it's something that the company could not have achieved on traditional hardware architectures.

"I am not going to give you the actual name of the service, but I will tell you later this year, we're going to launch a service on that software defined network that is going to hit 63 countries at the same time, on the same day," de la Vega said. "You show me a way to do that with a physical network and I would say 'the chances of making that happen are very small.'"

It's likely the new SDN-enabled service is related to its business services line, something that AT&T has been touting for its Ethernet and managed security offerings.

By using a SDN-based construct, de la Vega said that the planned services have two main benefits: lower cost from both capital and operating expenditure perspectives, and higher revenue.

"The beautiful thing about it from a marketing point of view is that the services that ride on top of this new architecture not only cost less capex and less opex, but they generate more revenue," de la Vega said. "The software cycles to turn up the service are almost instantaneous."

By leveraging SDN, AT&T has built its on-demand business network service, one that allows business customers to dial up and dial down the amount of bandwidth they need by going to a portal. The service provider currently has thousands of customers using the network-on-demand service.

"Once we turn up the network-on-demand service for our customers that customer can change the bandwidth on that service almost instantaneously," de la Vega said. "If that customer had a 5 Mbps circuit and they want to go to 20 Mbps, they can go to the portal and in less than 90 seconds the service is provisioned."

On-demand is just one element of AT&T's software-based transformation of its business service line.

The telco is in the process of virtualizing all of its legacy TDM services on the new software platforms that will provide integration across its wireline and wireless networks. By 2020, the service

provider will virtualize 70-75 percent of all of its services.

"The complete portfolio is getting remade from the TDM and what we started with doing IP services to this being the platform," de la Vega said. "We're moving all of our services to this on-demand platform over time."

While de la Vega did not provide a specific number on how much revenue the new on-demand services are generating, more of its business customers are adopting them.

During the [first quarter](#), AT&T reported that strategic business services revenues were \$2.8 billion, up nearly \$250 million. The service provider noted that strategic services are capturing legacy migrations and are now more than \$11 billion in annualized revenues.

"This is part of our strategic services portfolio, and what you're going to see is that all of the future growth from strategic services is being derived from that," de la Vega said. "We turned in double digit growth on strategic services of about 14-15 percent and that's a reflection of the growth we're seeing on strategic services compared to the overall business services revenues we have."

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