

Is the Sun Setting on MPLS?

Recently Mike Fumai, CEO of Blue Ridge Networks was interviewed by industry consultant Rich Moore at Blue Ridge offices in suburban Washington, DC. Revealing insights cast some light on the erosion of MPLS as today's most flexible and cost-effective alternative for voice and data communications for medium-sized enterprises. Certainly, MPLS is not going away, but it appears that new, emerging technologies are now efficiently exploiting the internet and challenging the suitability of traditional solutions – despite the efforts of large service providers to convince mid-sized clients otherwise.

Interview with Mike Fumai



Rich: First, for perspective, tell us the core focus of your company.

Mike: Blue Ridge Networks is an experienced service provider for organizations seeking to build alternative branch office networks for voice and data. With our roots in encryption during the past decade, we've been able to uniquely exploit the advantages of the global internet. And we appear to be the beneficiary of an accelerating market that is now demanding more flexibility and lower cost.

Rich: Talk to us about major shifts or broad trends you see occurring in the voice and data marketplace.

Mike: Not unexpectedly, the acceptance of internet-based solutions as reliable and secure has advanced dramatically in the past three years. What is a surprise to many, however, is how the large carriers are reacting to these rapid advances in light of their tremendous investment in MPLS.

Rich: Are they not embracing the same innovation?

Mike: They are in long-term planning, but at a slower pace that protects the tremendous investment they have made in MPLS. They are repeating the same slow migration that initially occurred in moving customers from private line to frame relay, and now to MPLS. Only this time there has been an underestimation in the growth of bandwidth and pace of acceptance of the internet overall.

I believe the rapid growth of VOIP in the commercial markets has put pressure on business enterprises to adopt the same flexible and low-cost benefits being proven elsewhere. Bandwidth is now ubiquitous and relatively cheap. Local loop technology has matured. In fact, many of the problems that were solved by MPLS no longer exist. Consider, for example, QoS. And customers today like the idea of having multiple service providers, something you don't have with MPLS.

Rich: What reactions then are you seeing to these slow moves from the carriers?

Mike: We see the most stress within the mid-sized enterprises, where cost savings in this area can have a larger percentage impact on the bottom line and large service provider account control may not be as strong. These companies are in pain. They don't always have a large IT department on hand to set up and make changes dictated by the addition and deletion of branch offices.

The complexities of MPLS just don't need to be there. Plug and play is a dream that they now see available. And, they like the idea of being service provider independent. These proven, progressive solutions are available today and offered as a managed service where your staff doesn't have to manage MPLS.

Rich: Do internet-based solutions truly offer security that is comparable, or is this press hype that doesn't stand up in a demanding business environment?

Mike: It is standing up in the most demanding environments today. For example, we provide our global customers with an Ethernet-based managed service with a level of security where the data never even touches the internet. If it isn't "in" the internet, it simply can't ever be accessed. In fact, it is more private than MPLS since there is no shared logic.

Rich: What about quality?

Mike: Today, quality of voice and data applications over the internet can actually be superior, and this is validated by the 10's of millions of global users who are taking advantage of both quality and cost today. And, our own clients testify to this. Navitaire for example, one of our customers who is a regional airline service provider, supports their critical business on internet voice and data applications via our Secure Virtual Ethernet Service (SVES), and finds it more reliable than any land service available.

Rich: You seem to be painting this as Utopia.

Mike: Well, put yourself in this situation: You are a mid-sized enterprise with constant cost pressures to cap IT costs and help desk demands that an MPLS-based system generates. You'd rather be putting those resources to work elsewhere. And around you, the world is embracing the internet because of its flexibility and low costs.

You bring in an outsourced solution like our SVES. No more help desk and now rapid IT response for such things as changes, adds, deletes, setting up new offices -- and all measured in hours not weeks. Your staff is focused on what you do best. No outages. Extranet support enabling redundancy among multiple Tier 1 providers at distributed locations. Unified messaging. The highest level of security available. Peace of mind. No CapEx. Low, predictable cost.

Many enterprises today would call this Utopia. I guess it is your point of view!

Rich: So back to our leading question. Is the sun setting on MPLS and if so, how fast?

Mike: Certainly MPLS is on the downside of the bell curve. But we shouldn't underestimate the power of large service provider's account control, particularly with large enterprises. This is large recurring revenue for them. We see the more nimble, mid-size enterprises moving quicker to new technologies and I believe they will lead the way in this regard.

It feels good to be CEO of a company in this space at this time.

About Mike Fumai

As President and CEO of Blue Ridge Networks, Mike draws on more than 25 years of experience with Fortune 2000 corporations in the communications and technology industry to set the company's strategic direction and drive revenue growth.

Prior to being appointed President and CEO, he spearheaded Blue Ridge Networks direct sales efforts and directed the expansion of the company's channel program as Executive Vice President of Sales and Marketing. Before joining Blue Ridge Networks, he was Senior Vice President, Global Sales, for Cyveillance, a provider of online risk monitoring and management solutions. Prior to Cyveillance, Mike served as Senior Vice President, Worldwide Sales and Channels at Commerce One/Appnet, (now Perfect Commerce) and he spent 14 years at MCI in various positions including Executive Director, Strategic Services.
