

NOKIA

Nokia

HPE Financial Services enables Nokia's video business to innovate, share risk, and win

Organization

Nokia

Country

UK

Industry

Communications, Media and
Entertainment



About Nokia's video business

Nokia's video business unit helps TV providers as they make the transition from broadcast to IP based technology. Their experience with products, systems, and services including content storage and delivery helps TV providers with the integration and adoption of new IT infrastructure. Originating from Velocix which was acquired by Alcatel-Lucent in 2009, the Nokia video business unit is the largest provider of on-net video delivery networks in the world.

The opportunity for Nokia to provide a solution

In the last few years, there's been a dramatic change in the way people watch TV. We now expect to be able to watch what we want, wherever we are, with access to more content from more sources, at any time, and on any device.

The key to making this work from a technology perspective is to use a content delivery network (CDN) which moves content closer to consumers. Until now, there have only been 2 options for TV providers:

1) establish their own private CDN which requires a capital investment, or 2) use a shared CDN service that initially delivers a cost effective solution but also comes with a number of drawbacks.

Nokia wanted to offer TV providers a new solution combining the quality of a private CDN with a flexible payment profile similar to cloud-based offerings. The solution had to minimize capital investments and operating expenses over the long term and deliver on unique customer requirements. But as with any new technologies, there are risks, and Nokia's experience helps lessen the risk of transformation.

An innovative solution to a complex model

There were three key goals needed to make the project successful—two technical and one financial:

- Nokia needed to help the TV providers transition to the new technology. They'd been using an internet service for some time so delivering a seamless transition to their own private CDN was critical.

Case study

Nokia

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“What we’ve done with HPE Financial Services is innovate the financial model as well as create a winning combination and value proposition for the customer.”

– Paul Larbey, Head of Video Business Unit, Nokia

- Nokia had to ensure the private CDN delivered an even better quality of experience than the CDN provider was getting already.
- The service needed to look both financially and operationally very similar to the customer’s traditional CDN model, because that’s how their operation teams and their business model were set up.

To accomplish the third goal, Nokia wanted to innovate their business model but avoid a huge up-front investment. New projects always have a level of uncertainty, and Nokia wanted to reduce their customers’ risk of “stranded assets” (redundant technology due to an unforeseen shift in business direction), something traditional IT purchasing models just don’t account for. If traffic on the video network didn’t grow as predicted, or there was a shift in business direction, those assets would become a significant liability.

The investment solution from HPE Financial Services enabled Nokia to put new technology solutions in place and still know they could return the technology early, without penalty, if the situation changed. That allowed them to move at the pace needed for their customers while still minimizing their risk.

Re-engineering the economics of IT

With HPE Financial Services, Nokia was able to deliver a model that allowed them to share risk with HPEFS, making the transition to IP technology much more feasible—if the customer had decided not to move forward with the project, Nokia was able to return all the assets.

HPE Financial Services and Nokia worked together to understand the financial parameters and align the financial architecture to the business outcomes Nokia and their customers needed. The strategy enabled Nokia to:

- Fund both development and long-term growth

- Provide business agility with a solution that could scale from initial deployment to full market adoption
- Deliver investment flexibility with the option for asset return after the first year
- Align costs to revenues

The benefits of a flexible investment solution to Nokia’s business

- Nokia has grown their CDN customer base, and provided them with not only a technical migration path, but a commercial migration path to a private CDN with better quality of experience and service for their end users.
- A value proposition for the end customer that delivers technology and financial innovation
- A financial architecture that avoids upfront investment and stranded assets, aligns costs to revenues, and both mitigates and shares risk
- Flexibility to manage investments in line with Nokia’s innovation roadmap
- An investment strategy delivering the business outcomes Nokia needs

Drive towards Nokia’s business goal of being at the leading edge of CDN

“In a very competitive market, we need to be smart, to innovate and take risk, and we needed a partner willing and able to work with us. HPE Financial Services has partnered with us to develop the winning solution. Together we’ve been able to architect the right financial solution to deliver the precise outcome needed for the customer and prove it in action,” said Paul Larbey, Head of Video Business Unit, Nokia.

Learn more at
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