

Vendor consolidation in business connectivity

Global challenges for the national carrier



White paper | 2025

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Business customers often see national carriers as global ones.

It's understandable. Telcos and MSPs of scale often have connection points all over the world; own infrastructure from satellites to undersea cables; offer bandwidth options from Lhasa to Lima. It seems straightforward. But scratch the surface, and you'll see the complexity beneath.

For today's telco, there's a world of difference between delivering on-net services and doing the same off-net. Instead of owned underlay, they rely on contracts with local providers, bandwidth from other carriers, and a host of smaller solutions from in-market ISPs.

It all works ... mostly. But it's also a complex business, stacked with custom agreements and differing legal frameworks that take time to negotiate. And that's why many of the world's big carriers are seeking to reduce the number of vendors playing a part in their network – a strategy known as vendor consolidation.

But if you're not careful, vendor consolidation just exchanges one set of issues for another.

GNX understands the risks – in depth. (It's why some of the world's biggest telcos are on our client list.) After all, we've worked with many of those small local providers for years, seen all the scenarios play out. So, let's look at the issues major carriers face when exploring vendor consolidation... and how a modified approach might make it easier.

Does cutting paperwork also cut opportunities... or create them?

Despite the name, wholesale global connectivity isn't created whole. We all know that, behind it, it's stitched together from SLAs with local ISPs, a long list of IXPs and PoPs, and custom buildouts in hundreds of markets – from ride-sharing local fiber backbone to Point-to-Point microwave between two remote towns.

Managing this list is a large cost center for carriers, however strong they are in their home market. Hence the push to reduce their vendor counts.

At GNX, our belief is that this should come with a profit, not just reducing the provider list, and here are seven reasons why a simple “cut the list” strategy isn't always the best approach.

1 A wide coverage isn't the same as global

Customers of wholesale carriers tend to be enterprise-scale themselves, and they expect similar service levels everywhere – from their HQs in the world's capitals to distant production sites next to resources or talent. And when telcos have a national profile but little international infrastructure, that's a problem only a partner model can solve.

One of the leading network services companies operates 875+ PoPs in over 40 countries, almost all with underlay from local partners¹. A US capacity provider manages over 4,500 last-mile interconnects with a similar approach². These organizations simply couldn't operate without a large number of partners, despite the pain points of cost and complexity.

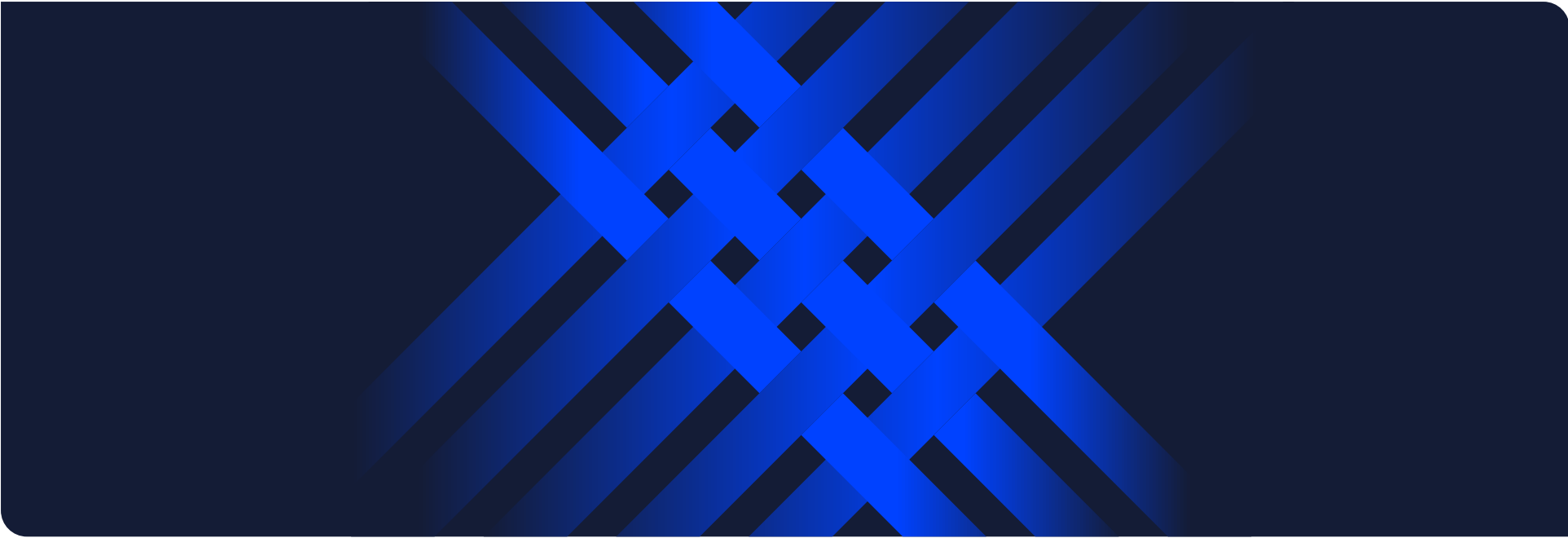
This illustrates our theme: reducing the length of the vendor list risks reducing the size of your market, too. Still, vendor consolidation deserves a more nuanced approach.

2 Cost pressures are shrinking sourcing teams, reducing capacity

There's another trend in enterprise connectivity providers: pressure to reduce headcount everywhere. This includes Procurement teams. The people charged with finding partners with the best fit, at the best price, are finding they have fewer experts to do it with.

This means, inevitably, less time available to research each new external vendor, with a greater incentive to pick the most obvious rather than hold out for the best. (Procurement people are only human, after all.)

That matters, because at GNX we often find the perfect partners are smaller, out-of-the-way specialists who own and operate tailored solutions to local business problems – specialists with a lot to offer global wholesale carriers, if only they could engage with them effectively. So is a cost saving in headcount actually increasing costs in another area?

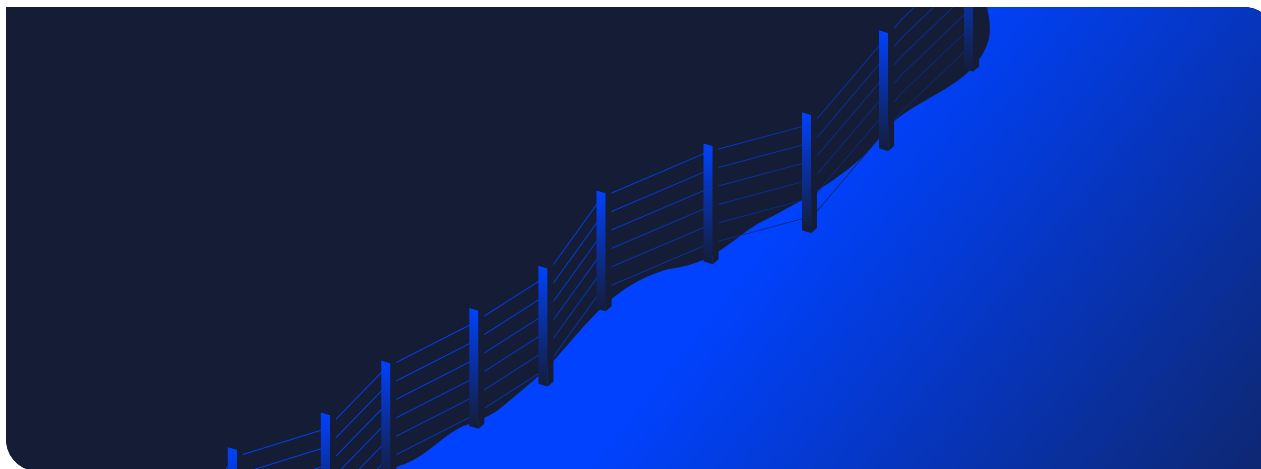


3 Management of multiple parties creates costs and complexity

The next issue involves “linearity versus exponentiality”. If a large number of local partners – with all their increase in complexity – results in the cost curve moving upwards more steeply than the revenue curve, the profit from providing global services will decrease over time. It’s the key business driver of the vendor consolidation trend.

It applies to all services – not just business bandwidth. The oldest wholesale service, international voice, is still growing, expected to continue at around 15% CAGR until at least 2032³. But the same report estimates that a single carrier may have to manage 500,000 separate data points per month just for voice traffic! Even the “simplest” services can be incredibly complex to deliver at scale.

And it’s a two-sided problem. Customers also have specific requirements for connectivity; real-time IoT from a distant factory may need five-nines uptime, while another office’s broadband can be handled by an LTE router. So the complexity continues ... from both sides. Raising costs at every juncture, and making vendor/ISP consolidation look even more attractive.



4 Contractual challenges roughen the smoothness of service

But it's not just about managing each individual subcontractor. There's another layer of complexity in the way vendors interact and overlap. No two providers will have quite the same SLA at a local level. Or capacity provisioning. Or failover protocols.

So life for today's carrier can be a relentless cycle of SLA agreements, start and end dates, contended capacity, renewal costs, and relationship-building.

While this is part of Procurement's skillset – consultancy PwC notes that in the wireless part of the market, 85% of the \$14.7bn spent on US connectivity is bought from wholesale carriers rather than sold to end users directly⁴ – managing this complexity still carries high overhead.

This means building a coherent connectivity solution from a mishmash of conflicting or competing contracts carries constant risks if SLAs aren't monitored and managed precisely and accurately. Again, this is a tough job that makes vendor consolidation look more and more appealing.

5 Relying on national partners misses cost-saving opportunities

So: complexity and costs, amid tightened resources and headcount cuts. This creates a huge temptation to consolidate the “wrong” way: choosing a single national or regional partner that covers an entire market. What's the problem with this picture?

As noted above, the most cost-effective and service-suitable partners are often those in a focused niche, serving a single town or even a single building.

GNX has examples of these smaller providers costing less than half the national carrier equivalent – with the national carrier sometimes using that provider for underlay anyway.

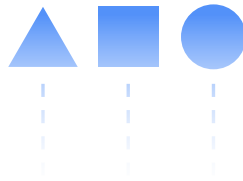
This means a strategy focused solely on reducing the number of providers can easily mean higher costs overall, even though the sourcing is simpler. And the savings in administrative overhead may not compensate. Again, the problem is not one-dimensional.

6 Onboarding vendors from a standing start takes time

Life in the telco industry is full of long waits. If going it alone, it's not unusual for a national carrier to take 6-8 months to get rolling with a new supplier. And if that new partner was selected to fulfill the needs of a specific customer, the time-to-market, including the sales cycle, can be even longer for each vendor.

In addition to a 6-8 month setup time, the world's biggest carriers can easily spend a year plus to finalize the requirements of a major customer. Even for the most efficient players – and some of them are very good – it's a lot of time and human resources.

Of course, such a carrier may have to do this many times a year, with hundreds of providers and customers; it's red tape and paperwork everywhere you look. And another great reason – on the surface – to cut the provider list down to size. But how you reduce it matters.



7 ... and diversity issues still loom large!

A final factor. While network diversity isn't the problem it once was, it's still an issue for thousands of enterprise customers. Their terms and conditions often demand a second source of connectivity at business-critical sites... which isn't answered by simply choosing a second ISP.

The further you venture outside major population centers, the more likely it is that "diverse" ISPs ultimately share the same pipe. As a telco, you know that well.

So, when customers ask their carrier of choice to solve this, it's another administrative overhead for the sourcing team. Physically separated infrastructure means another vendor contract, pushing carriers away from their targets of vendor consolidation.



From consolidation to network aggregation

Those are the issues with vendor consolidation. Next, let's look at the solution.

While there are many “marketplaces” letting you choose services from their fancy portals, a marketplace alone won't satisfy your vendor consolidation goals. Because useful as marketplaces are, you'll still need to contract each selected service individually. It saves a lot of time in research, but the basic business issue doesn't go away.

The answer goes beyond marketplaces and into **aggregators**. An aggregator lets you check and choose different providers, too – but when you're ready to contract, it brings their services together in a single agreement. An agreement which – most importantly – **takes responsibility for the services it provides**.

In brief: even if your solution spans many vendors, you only need to deal with one. Fulfilling your need for consolidation ... without losing the diversity of choices across the market.

But, like with everything, aggregators come in all shapes and sizes. First of all, not all of them are global. Or they are, but limited in some regions. Their level of responsibility may also vary, as well as the way they select their services and vendors. Transparency is, after all, still an issue within our industry.

GNX+: prescreened providers, full transparency, and carrier-neutrality

Transparency. That's what GNX offers with our GNX+ platform. And for proof that it works, look at who uses it. Some of the world's largest telcos complete their worldwide service offerings on the platform – with a lead time often under a month, rather than the 6-8 months of a DIY approach. (Our record is 1.5 days.)

The benefits are widespread:

- Service issues are dealt with by our team; you won't have to deal with hundreds of in-market support centers (and local languages).
- There's a single contract to sign, covering SLAs across all markets. And thanks to AI assistance, you can even optimize and explore a set of providers to see total costs and capabilities – comparing options in as much detail as you want.

- **There's another plus:** GNX+ is carrier-neutral. We don't highlight preferred partners or steer our customers towards a limited set of choices; you get all the information you need to make your decision (SLAs, lead times, costs, service quality) between competing providers.



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






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So why wouldn't you?

Reasons to NOT try GNX+

It'd be great if all global carriers used GNX+ as their vendor consolidation strategy, but not all do. Here's what troubles them most. If these reasons are important to you, we sympathize – but understand in turn: such beliefs may be blocking your way to a more cost-effective, process-efficient service offering to your wholesale customers.

- Worries over maintaining control. Carriers have a long history of owning and operating their own network partners around the world. But remember GNX+ doesn't take away **your choices – you retain control over the partners you pick and who you engage with**, and the process is completely transparent.

EDD	Status	RAG	Details
	On-hold	Amber	
	CPE	Green	
	Installation	Green	
	Site survey	Green	

- A negative impact on Procurement teams. Some say it devalues their in-house sourcing experts. We've heard this too – but disagree. We prefer to say it **empowers the Procurement department**, giving them a tool to research, explore, and calculate the ROI of different solutions in one place.
- A need for transparency about on-net versus off-net. It's true that not all smaller ISPs are on-net, but most are. And to soothe these concerns, GNX+ makes it clear if sub-contracting and other partnerships are part of their solution, **offering insights on both last-mile provider and ISP.**



- A lack of trust in marketplaces. You now know the issues – but GNX is not a marketplace, but an aggregator. It even goes one step further: our platform doesn't only allow you to book services, but offers you **a single pane of view for all contracted services, split by end customers for easy management.**

GNX+ offers you the best parts of a vendor consolidation strategy without losing the choices of a many-vendor approach – reducing cost and complexity while maximizing performance for your customers. Isn't that worth exploring?

Take-away:

Carriers can now offer seamless global connectivity with far less hassle

GNX works with thousands of local providers at all scales, providing the underlay for hundreds of enterprise customers worldwide through carriers like you. And we'd like to share some success stories with you so you can judge how we might help your own vendor consolidation strategy.

To learn more gnx.net

Get in touch

Ready to explore the next steps of your global connectivity journey? Our passionate team of experts is available 24/7 to ensure you get your solution exactly right. Request a free consultation or a demo of GNX+, and let's get right on it.

GNX. Straightforward Connectivity.

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gnx.net/contact

The GNX logo is displayed in a bold, yellow, sans-serif font. The letters are thick and blocky, with the 'G' and 'N' being particularly prominent. The 'X' is also bold and has a slightly irregular, hand-drawn feel. The logo is set against a solid blue background.