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# How to choose a small OSS vendor for a Tier One project

The majority of OSS vendors are smaller companies who have to convince large carriers that they can trust critical business processes and infrastructure with their software products. Clarissa Jacobson, director of Research at Peter A Sokoloff & Company, asks how do carriers make the decision to take a chance with a new OSS vendor and how does a small vendor sell to a Tier One carrier?

We asked the same set of questions to several vendors, an industry consultant and a Tier One carrier. Each offered their own perspective on what is required from OSS vendors and how smaller vendors can sometimes uniquely fulfill important carrier needs.

## *Question 1. Ideally, how should a small OSS company be positioned to sell software and services to you?*

Dave Milham, is responsible for BT's internal OSS architecture and works directly with BT's CTO, Matt Bross. "Small OSS companies need to have a unique proposition that demonstrably addresses a business problem that we have, not what they think we have," says Milham. "Our key evaluation metrics are Right First Time (RFT) and Reduce Cycle Time (RCT), with the aim of improving the end to end customer service. Proposed solutions must be able to show a concrete resolution of the problem in incremental steps that demonstrate measurable improvements."

John Cronin, formerly CEO of revenue assurance company, **Azure Solutions Ltd** (now part of **Subex**) gained the business of carriers by doing precisely this, offering unique products. "We have to have a compelling solution for a real Tier One problem. An improvement on an existing solution or some clever technology is not enough."

Eric Palmer, SVP, Corporate Development for Subex, (and before its acquisition by Subex, CFO of OSS software developer ▶



The author, Clarissa Jacobson is the director of Research at Peter A Sokoloff & Company, an investment banking firm that specialises in mergers and acquisitions in the telecommunications and security industries. For more information about the company, check out their website at [www.sokoloffco.com](http://www.sokoloffco.com)



Dave Milham, BT: Unique proposition needed



John Cronin, formerly CEO of revenue assurance company, Azure Solutions Ltd.



Eric Palmer,  
SVP, Corporate  
Development  
for Subex

Syndesis) echoes Cronin's ideas on the uniqueness of product. "What will get you that first sale is how exclusive your product is. It's not how big you are (though that is a factor), but how critical the functionality is that your product offers."

**Question 2. How do you generally evaluate the financial strength of a vendor and its ability to engage with and support you?**

Milham mentions that decisions on suppliers are handled by BT's procurement unit which has extensive criteria for evaluating the strengths of companies. "Weak financials obviously make us more cautious in our assessment of benefits and risk. With software products we often use escrow arrangements but these don't fully compensate for the risk associated with 'know-how' of individuals in these supplier companies."



Andrea  
Baptiste, CEO  
of Atreus

Strong financials definitely gave Syndesis an added edge in the marketplace with Tier Ones. Says Palmer, "Syndesis was very well managed financially, we produced revenue growth and profitability and the carriers looked at that."



Rich Nespola,  
chairman and  
CEO of  
consultancy  
firm, The  
Management  
Network Group

Rich Nespola, chairman and CEO of communications consultancy firm, **The Management Network Group** (Nasdaq:TMNG), also said, "It's not difficult to have a formula set up to test financials, and our experience is that carriers go pretty deeply."

**Question 3. What are the factors that smaller OSS vendors have offered that the larger vendors can't or won't?**

Integration code tooling, general IT tooling enhancements, design and planning tools, products that aren't in the mainstream such as policy-based network management are some examples cited by Milham. He suggests that some solutions by smaller vendors are simpler, cheaper and more agile than large monolithic COTS applications, though the licensing models of some COTS vendors can create opportunities for smaller companies.

Andrea Baptiste, CEO of **Atreus**, a supplier of VoIP and advanced IP service provisioning software, points out that though large vendors offer a lot of innovations, small companies are able to offer specific point solutions. This goes back to Milham's initial response to positioning; the small vendors must have a unique answer to a carrier problem in order to be competitive.

**Question 4. What mistakes do carriers typically make that result in them giving jobs**

**to vendors that they can't realistically deliver?**

Milham says a common carrier mistake is making the assumption that a large vendor is better, and then not supervising these projects rigorously. Furthermore, small deviations from plans and delays in large projects can lead rapidly to cost overruns. As for smaller projects, you have to look at the whole picture: "Cost overruns may be slight but the impact on operations and training may be significant," says Milham.

Nespola points out another area where carriers make mistakes: "CSPs (communication service providers) simply don't do the amount of business evaluation necessary. They do technical evaluations but they don't take the same care in checking the financial stability of the vendor."

Baptiste notes that OSS continues to be an emerging service and industry and because of that there tends to be an underestimation of the scope of the problem on **both** sides. "It is critical that carriers work with a company that really has a grasp of the whole system and has an ability to make changes on the fly."

Cronin mentions that unrealistic expectations in delivery and time frames can lead to problems in the carrier/vendor relationship. "Inside most specifications, some details that impact on the complexity are missed. When the job starts, the full requirements emerge and additional software, interfaces, data or work may be needed. Carriers need to address this and be realistic about the potential impact on time frames."

**Question 5. Do you think that there will continue to be a role for smaller OSS vendors in the future?**

Though small companies are definitely in the position of being bought up by larger companies, there will continue to be a place for new ones to spring up. "The role of the small OSS vendor will be that of innovation and opening up the early adopter market place," says Milham. "With the move to converged services, there are bound to be propositions identified by small companies that the larger ones will miss."

One thing is certain, the marketplace continues to swiftly change and the opportunities available are expanding almost faster than technology can keep up. Smaller vendors that target unique solutions and carriers that pinpoint the risks and benefits of using these vendors will be the companies to decide the playing field of the telecommunication environment for years to come. ■

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