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Innovation in a Consolidating Market – Global OSS/BSS *10 to Watch* in 2013

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Introduction[1]

Communications is no longer an insular industry that operates within its own boundaries to meet its own needs. Networks and, more specifically, broadband connectivity is now considered critical infrastructure to all areas of society, government, and industry. Access will be more closely regulated, and measurements of availability, scalability, and reliability must remain or become carrier-class.[2] As broadband connectivity becomes ubiquitous, all users will have access to the same plumbing, such that the network becomes a transparent infrastructure in similar fashion to power lines and water mains.

Communication Service Providers (CSPs) are creating differentiation based on the quality and variety of products they deliver, while at the same time becoming competitive retailers that must be relentless in customer satisfaction. At a time when customers, not CSPs, are dictating when, where, and what products are delivered, CSPs recognize that this fundamental transformation in their businesses and of their networks must be embraced throughout their organizations. They must transform from network operators to "connected solution providers."

The vendors that provide systems, services, and IT infrastructure to CSPs are also transforming. As competitive pressures increase and bandwidth services are commoditized, CSPs are engaged with trusted OSS and BSS suppliers to deliver comprehensive service-enabling capabilities. These solutions are double-duty in nature. They must seamlessly interact with existing OSS and BSS systems and numerous data repositories, and also deliver capabilities essential to operate and manage emerging new technologies and services.

This new model for CSP operations is a platform approach equipped with off-the-shelf software and pre-integrated OSS and BSS functions. In this platform approach, the burden of traditional systems integration and testing, not easily addressed in the past, is mostly eliminated. Additionally, off-site hosted solutions address widening gaps in existing systems and processes due to new technology introductions, changing business models, and compelling, yet unanticipated, business opportunities.

Today, most large OSS/BSS suppliers innovate around processes and platforms, while innovations from smaller suppliers tend to address specific functional or cross-domain inadequacies of previously installed systems. The challenge for CSPs in 2013 is that they need innovation in all areas. Compounding this challenge is that the number of large OSS/BSS suppliers is shrinking as the market consolidates to favor larger vendors that can deliver end-to-end OSS/BSS solutions. In this consolidating market, the direction of many emerging OSS/BSS vendors is to work with larger suppliers to deliver their products across existing CSP platforms, and leverage the professional services organizations established by those vendors to create global reach and support.

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[1] Please note that the insights and opinions expressed in this assessment are those of Stratecast and have been developed through the Stratecast research and analysis process. These expressed insights and opinions do not necessarily reflect the views of the company executives interviewed.

[2] Carrier-class is a term coined during the monopolistic days of the communications industry when state and federal regulations required network access to every resident, scalability to ensure adequate network capacity to serve all users at the highest levels of utilization (e.g. Mother's Day, New Year's Day), and network reliability that set acceptable levels for uptime at 99.999%.

Consequently, interoperability, always an important characteristic of a ***10 to Watch*** company, is absolutely essential in a market dominated by large platform-based suppliers.

As the larger OSS/BSS suppliers continue to acquire functionality, Stratecast still finds small, agile, and innovative companies willing to collaborate with these larger organizations, as well as pursue business opportunities independently. The ten OSS/BSS companies that Stratecast has chosen as its ***10 to Watch in 2013*** are focused on organic growth. While each is a potential acquisition target, this type of strategy is not the default end goal. As viable stand-alone enterprises, these companies are included in our list because they deliver proven, innovative products that help CSPs transform operations and improve the customer experience.

The ten companies discussed in this report have multiple success stories to share. They have developed and deployed solutions for management of exploding mobile data traffic, securing applications for bring your own device (BYOD), monetization support for cloud solutions, cloud-based solutions for managing service offers, and policy management at the user device level.

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