telesperience

Telesperience data sheet

Hype, hope and reality in BSS/OSS 2010

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Summary

In December 2009 Telesperience ran a poll on which BSS/OSS technologies or technical strategies industry participants believed would be the most over-hyped, which offered the most hope to solve our current challenges and which we would be deploying in the next 24 months.

We had responses from a range of industry participants including vendors, CSPs of various types and SIs. While the responses must be viewed as merely indicative and 'generalised', they do offer an interesting barometer of current views. We present a summary of the findings in this paper. Key highlights include:

- Cloud computing is seen as being over-hyped. While it may offer great potential for the future, respondents detected the whiff of over-marketing of Cloud technology. They cautioned that we are at a very early stage of the deployment curve with many issues yet to address. There was a feeling that other technologies and issues were, in general, more likely to be occupying the activities of the majority of the industry this year
- traditional outsourcing, managed services and SaaS were seen as more likely to be mainstream solutions to our challenges. Thirty-five per cent of respondents cited these as ways of solving our most pressing issues today
- policy control technology was cited by 15% as offering great hope, while 30% said it was a key technology today. This shows that policy control is a technology that has come of age and we expect to see continued interest and deployment in the next 24 months
- billing was another area of focus: 35% of respondents told us that prepaid-postpaid convergence was a key goal today, with another 30% saying that other billing-related issues were key
- the runaway leader in terms of the most important technology goal today was achieving better service delivery (59%). While this is undoubtedly extremely important, we believe that better service delivery will increasingly be tied to the goal of improving the customer experience and a move to customer-centricity as markets mature.

Respondents to this survey as well as the many companies we have spoken to in Q4 2009 have told us that they feel more confident than in late 2008 when the full extent of the economic downturn was as yet unclear. CSPs worldwide believe that the industry is poised to benefit from growth driven by a wide variety of factors, but this is not the exponential subscriber growth we have become used to in high growth markets. The huge growth seen in many developing markets over the last few years is beginning to slow down (as India, China and Africa increase subscriptions at a decreasing rate), and as we know from more mature markets additional subscriptions are now likely to be lower ARPU customers.

This view is supported by the fact that the TIA reported a decline in revenues of 3.1% in 2009. As in mature markets, now the high-growth phase is over developing markets are seeing declines in

revenues due to competition for existing customers. However, the new business models and innovative services envisaged as offering hope to the industry in terms of new revenue streams are being retarded by the BSS/OSS bottleneck. Modernisation of BSS/OSS is long overdue and pressure to modernise is now considerable. Seeing a rosy future is the first step; the hard bit is making this vision a reality. Telesperience therefore expects to see a refocusing of attention on telecoms IT and BSS/OSS in particular over the next 24 months.

We don't think this will take the form of an end-to-end system refresh, but rather a step-wise transformation. There are many starting points for this, but whichever is selected it's important to bear in mind the twin goals of enhancing the customer experience in order to retain, attract and upsell customers; and also effectively manage the commercial experience of telecoms in order to remain profitable, competitive and differentiated. In 2010 we look forward to exploring how BSS/OSS and related technology can deliver against these twin goals.

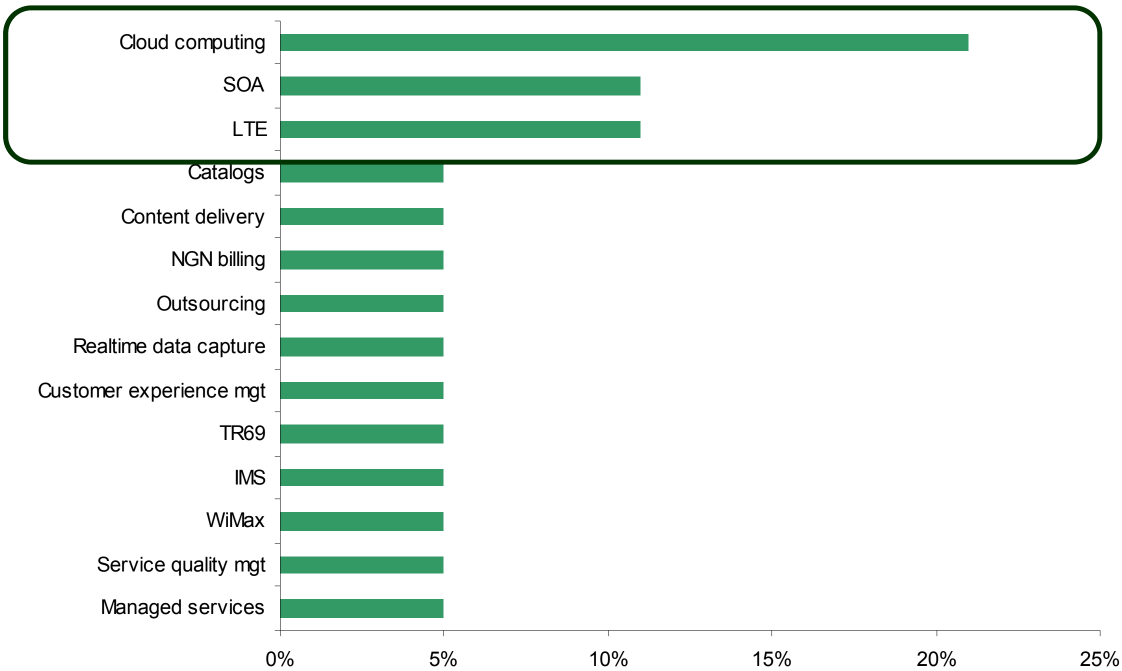
Cloud computing is identified as over-hyped

We may have heard a lot about cloud computing and its benefits in 2009 but, if respondents to the Telesperience *Hype, Hope and Reality survey* are to be believed, we're set to hear a whole lot more in 2010. In fact cloud computing (21%) had a clear lead as the most over-hyped technology of 2010 – perhaps reflecting scepticism about its ability to deliver benefits in BSS/OSS today, or else a belief that it is set to be touted as the latest panacea to our challenges while there are yet concerns to address (see Figure 1).

This feeling that the Cloud isn't yet a mature offering was demonstrated by the fact that it didn't fare any better in the 'reality' section of our survey, with just 6% of respondents saying it could really deliver against BSS/OSS challenges in 2010. In contrast, other forms of outsourcing such as SaaS and managed services were cited by 35% of respondents as offering real benefits in 2010.

Other technologies frequently identified by respondents as likely to be over-hyped in 2010 are SOA (11%) and LTE (11%).

Figure 1 **The most hyped technology in 2010**



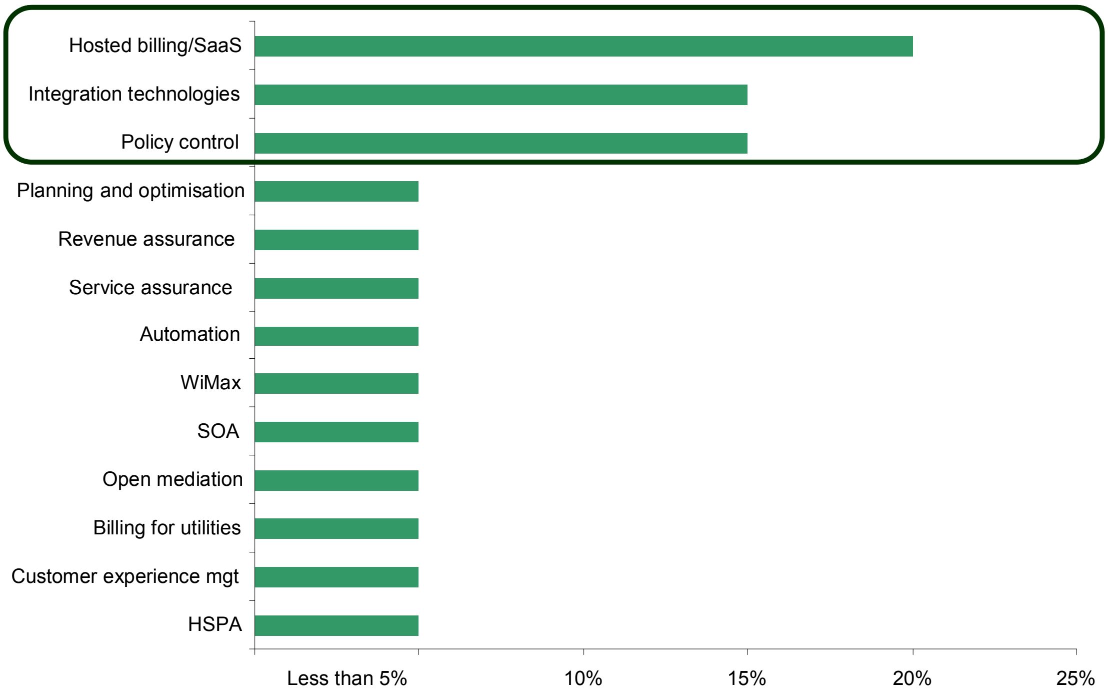
Source: Telesperience 2010

Outsourced solutions and SaaS are the most hopeful BSS/OSS strategies

Twenty per cent of our respondents identified outsourced solutions or SaaS as offering the most hope to BSS/OSS challenges (see Figure 2). However, this was closely followed by policy control technology (15%) and integration technology (15%). Policy control technology was also voted for by 30% of respondents as being likely to be used today to solve challenges. This suggests that this is a technology that is ripe for deployment and we would therefore expect to see continued interest in policy control technology and its applications for at least the next 24 months.

Integration technologies were identified as offering great hope by only 15% of respondents – despite being in equal second place. Fundamental issues such as integration are frequently overlooked in favour of selecting applications to solve particular goals or challenges. However, Telesperience strongly believes that the industry will be forced to address some basic hurdles such as IT architecture, integration issues, data-level challenges and hardware challenges if it is to deliver against current business priorities over the next 24 months.

Figure 2 **The most 'hopeful' technology in 2010**



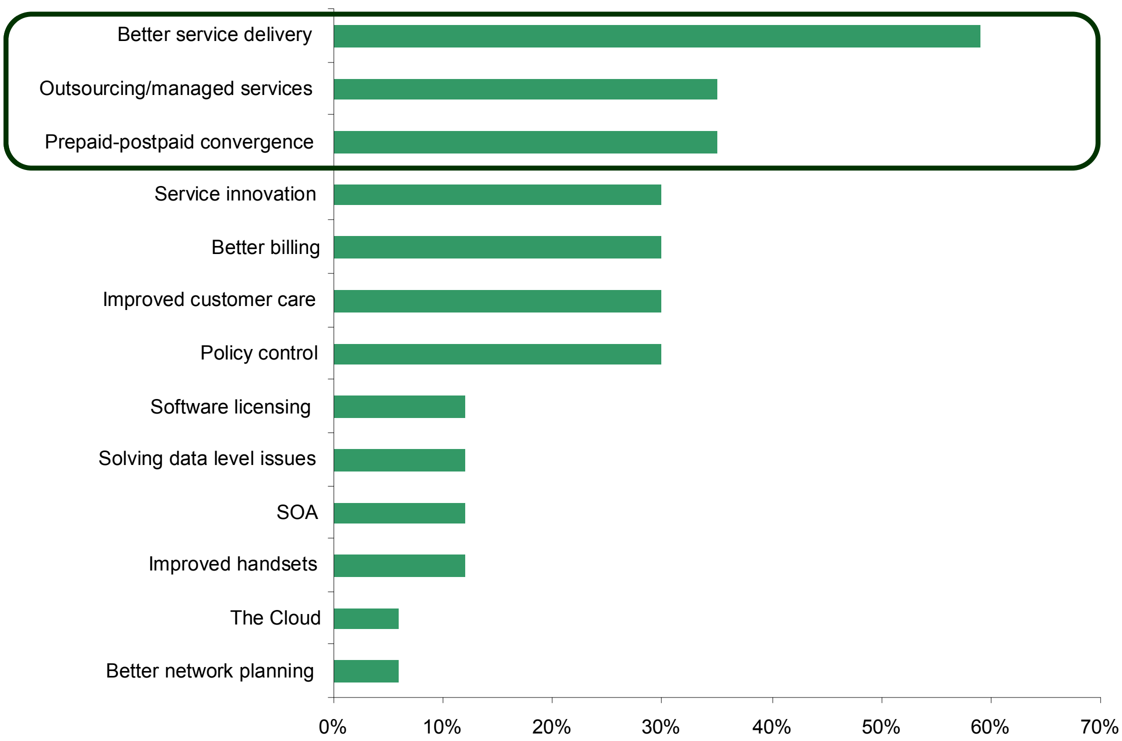
Source: Telesperience 2010

Better service delivery is seen as the key goal in 2010

The runaway leader (59%) in terms of our most likely priorities for 2010 was better service delivery (see Figure 3). This has been a key goal for a number of years and is unlikely to 'run out of steam' in 2010 as there is still considerable work to do. A wide range of other technologies and technical strategies were seen as important, reflecting the diverse goals and circumstances of the global telecoms market.

Two areas of focus, however, were outsourcing (35%) and improving billing. In the case of billing, 35% identified prepaid-postpaid convergence as being important and a further 30% said other billing improvements were important. Although the industry has been pointing out the deficiencies in our legacy approach to billing and payment for a considerable length of time, Telesperience believes that this will be a key area of focus for the next 24 months. This is because poor billing and payment processes continue to hamper business expansion and innovation and are driving up costs and revenue leakage. We believe, however, that the budget to fund an overhaul of BSS will largely have to be derived from OPEX savings as it is unlikely that IT budgets will expand considerably in the next 24 months. So the theme will in all likelihood be modernising to optimise the benefits from spend and a theme of "doing more with less". It is to be hoped that CSPs also take this opportunity to deliver against customer need and expectation rather than simply overhaul billing to deliver against commercial goals (important as these may be).

Figure 3 **The technology most likely to deliver against industry need in 2010**



Source: Telesperience 2010