Pipeline

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Pipeline Q&A: Vallent Corporation
(formerly Watchmark-Comnitel)
By Edward J. Finegold, Editor-in-Chief

This month's featured vendor is Vallent Corporation, the newly re-named venture resulting from Watchmark's acquisitions of Comnitel and Metrica. Vallent has been winning deals on the forefront of mobile service management in the United States, Europe and in the Asia-Pacific region and is among the leaders, if not the leader, in service quality management solutions for Tier 1 and 2 mobile operators. Pipeline had an opportunity to sit down with Lowell Anderson, vice president of Strategic Marketing for Vallent, to discuss the company's progress and the state of global markets for SQM solutions.

Pipeline: How has the Metrica acquisition gone for the people involved and is the assimilation process complete?

For us, there were strong business drivers for the acquisition, but we understand that realizing the value of those drivers has more to do with integrating people than anything. The whole management team has been involved with multiple acquisitions, so this integration has been a key focus for us.

We have gone though a process of integration in which we created cross functional and cross organizational integration teams to focus on common processes, consolidating product strategy, and working hard to understand each other's culture. We've also been working to put a management structure in place to support the goals of the business. We've worked hard to incorporate several former Metrica and Comnitel execs into highest levels of our team, as well as making sure we have strong Watchmark, Comnitel and Metica representation at all levels within our management staff.

This is not a situation where we're operating anything as a standalone. We're operating as an integrated entity with management responsibilities across the whole business unit. Remember that we went through the Comnitel acquisition very successfully, and we think the Metrica people are now very comfortable. They were in a situation for seven months during which Metrica was for sale. They didn't know what company they'd be part of, so for them to become a part of Vallent was a relief for them to begin with. The work we've done to bring them in across our whole management layer has made them comfortable. This was not a take over, but a real merger.

I think the integration of the corporate identities is the next major step. We're creating a combined identity that will help the teams feel like members of a single organization, and that's the message we want our customers to receive.

Pipeline: Your recent KPN announcement was big news for your company. Please explain to our readers what the "group framework agreement" consists of and what it means to the kind of work you'll be doing with KPN?

In regards to the group framework agreement, consider that the KPN group includes KPN Netherlands, Base in Belgium and the E-Plus group in Germany. Through the group framework agreement they have agreed to terms of purchase for our SQM solution for the entire group. They are implementing it first in the Netherlands, but the other groups, including E-plus in Germany, now can move forward with our SQM solution as their solution of choice.

The benefit of the group framework agreement is that it representetd a very effective process for all the KPN Mobile group members to evaluate SQM/SLA management. KPN's strategy is to first begin with a focused group of GPRS services and evolve to their broad service portfolio.

Pipeline: If there's a progression in terms of how carriers in general are adopting service assurance functionality, where are they today?

I think the market is moving itself to a situation where a lot of operators are starting to crystallize what they are doing in terms of their own quality management progression. If you look at SQM, even in that category there are layers of what the products can do. At a basic level they'll give you service specific quality reports and root cause analysis, but that ultimately moves across the entire organization which is trying to improve the whole customer experience.

So, the long term visions for SQM and service assurance are systems and tools that allow you integrate the whole organization toward a customer focus. That involves not just the tool, but process changes. This movement is from a service-specific analysis tool to an overall focus on customer quality. Given that, carriers are evaluating tools to meet the long term objective, but are working on deployments today to focus on delivering specific quality reports regarding specific services being delivered to specific customers.

As an example, today Blackberry service is a critical GPRS based service - maybe the most critical for these operators. We'll be launching a Blackberry service assurance product that will deliver Blackberry service quality reports

directly to the operator. It's an application of our SQM platform, but targeted at a specific service. At AT&T Wireless, now Cingular, we put in a SQM/SLA management system at a nationwide level to enable SLA management for their key enterprise customers.

Pipeline: How is your business impacted by the mega-wireless mergers?

Well there are two areas of mega-wireless mergers. You have mergers like that of AT&T Wireless – Cingular, which are becoming one entity, where in Europe you have these multi-operator groups that have formed. So, there are two versions of what you can call the mega-wireless companies.

Here in the US, specifically the merger of AWS and Cingular has been beneficial to us. Given our wide customer base in the US market we feel that we are well positioned to handle mergers and continue as their key service assurance provider.

In the group wide scenarios in Europe, I think in most cases this helps us from a SQM perspective because it allows us to deal more across a group wide level and not have to prove our solution at three different operating companies – so we can evaluate at one and deploy across three. With the Metrica acquisition we are incumbent as the performance manager in nearly every carrier, and that let's us build toward further deployments of our SQM solution.

Pipeline: What kind of work are you doing for US Cellular, and how viable is the Tier 2 wireless market for OSS solutions?

Today with US Cellular we have our performance management system deployed on a nationwide basis supporting both Lucent and Nortel networks. US Cellular is one of our best customers. It is a quality focused company, so we work very well with them. They are now starting the process of looking at SQM solutions.

Most of the 2nd tier wireless carriers have a network wide performance management solution in place, and most of them are either on Watchmark Prospect or Metrica NPR, so most have a solution from Vallent Corp. There are a few of them that are in the process of evaluating service management strategy in both Europe and the US. You see the Tier 1s kicking off the SQM wave, but the Tier 2s are following in the next few years. In the end, as service management systems become integrated they allow the business to operate more efficiently and more customer focused. What I mean by efficient is keeping your customer happy in a more efficient way.

Pipeline: The Yankee Group predicted that the service assurance market in North America would reach $684 million by the end of 2004. Do you think that prediction came true?

The thing is, as you dig into Yankee and OSS Observer predictions, is what do they mean by Service Assurance? They include SQM, SLA management, performance, fault, and some include test and measurement which is a very large market. Some studies also include probe systems as part of performance monitoring. Clearly all of those contributing elements are reaching that $684 million number. So, was that amount spent on service assurance in 2004, I wouldn't doubt it. OSS Observer put out a service assurance report in mid-2004 that breaks down everything out to 2007, and that report will give you the most granularities.

Pipeline: What kind of work are you doing for Orange Madagascar, and what's your sense of further opportunities in the Eastern hemisphere?

For Orange Madagascar we are deploying the Metrica NPR performance management solution network wide. But you can't categorize Asia in general as a homogenous set of operators. You have some operators at the very leading edge of service delivery, such as in Japan and Singapore for example. But you have other operators in the region, like in India and China, where they are focused on building out massive voice networks that can deliver to huge numbers of customers, as you've seen. These networks are at different levels of maturity and have very different customer bases.

Asia is a full range of different maturities and corporate objectives. So, for us there's a range of opportunities as a result. You see operators installing performance management systems for the first time across their networks, like at Orange Madagascar. We have a few deployments of the Metrica NPR system in place and those operators strongly evaluating service management solutions and we are working with them there. So our Asian focus includes a segmentation of the customer base based on maturity and focus, and based on that we are either focused on PM systems or SQM systems. We see huge growth opportunities in Asia.