

Pipeline

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Thank You for Your Business. Will That Be SDP Or Credit Card?

By Trevor Hayes

A good SDP solution makes it possible for a CSP to define and deploy all of the network and service elements required to deliver innovative services with incredible speed and cost-effectiveness. An SDP makes launching new services an absolute snap, doesn't it?

Sure does. Well, maybe. A few years ago, the SDP concept made a lot of sense. CSPs ran several different types of network, each with specific functionality that supported certain services. It was also conventional wisdom that new services offered by CSPs should be deployed, managed, and billed using the same OSS/BSS environment used for everything else. It was held to be of utmost importance for a CSP to have a single view of the customer, and for the customer to have an entire bundle of services all billed in the same way by the local friendly CSP. Because services depended on specific network functionality, a standardized platform that supported service creation and deployment could be very helpful.



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The concept of an SDP works best in the context that there are many different kinds of networks, and only some services work on some networks. The concept also includes the necessity of connecting these transactions to specific pre-existing OSS and BSS components that can handle the unique provisioning and billing aspects of each service. This is still the case for most CSPs. Those CSPs, therefore, need a way to get the right network elements involved in providing the requested

service. Orchestration is required to identify the customer, identify the service requested, validate entitlements and subscriptions, alert the right network elements, and initiate the transaction.

For CSPs still living with those challenges, and with those business assumptions, SDPs can still accelerate deployment of new services, reduce risk, and reduce costs. Good idea, So it is easy to understand why every CSP must have an SDP, and an SCE, all accompanied by Provisioning and Billing systems that can handle complex (read "expensive") multi-vendor transactions and settlements.

However, maybe there are some assumptions in this story that should be questioned, and some awkward questions that need to be asked. I sometimes feel like a visitor from another planet, when I find myself asking my CSP buddies: "Exactly what are these 'innovative services' of which you speak, earthling?" The earthlings always tell me something along the lines that the company's top priority is to reach up into the content layer. My interpreter tells me this really means they want to run websites offering useful information, applications, and media. That covers just about everything out there on the web, including social networking and merchant sites.



Cool. I have no problem with phone companies diversifying into those areas, as long as they don't lose sight of the need to keep my Internet access and wireless phone service humming along smoothly and at a reasonable price. (Actually, they have a bit of work to do in both those areas, so I hope not too many people are being deployed onto reinventing Facebook.)

So then, still feeling like someone from Mars, I ask the CSP guys to give me some examples of those innovative services they have created and launched in the last few years. Hmmm. Turns out that of the many new services out there that have changed the personal and business lives of millions of people, not one of significance has actually been invented by one of the good old phone companies. Furthermore, the companies that have driven the revolution in online services have generally grown from the seed of a single idea, they have worked hard to develop expertise, they have experimented and shown agility in building on good ideas, and they have thrown away the ideas that don't work. And they have, by and large, managed to do all this without going out and buying an SDP. (Sure, they have platforms that deliver service, but that's different.)

It's not the SDP that makes the difference. In the right context, an SDP can be immensely useful. However if CSPs want to get into the content business, maybe they should think more about their own business culture, attitudes, and assumptions, rather than hoping that buying some management technology will make the difference.

I know that there is a school of thought out there that says that CSPs should just stick to the business of carrying the bits, and leave content services to others. That is not my position. If they can deliver better content services and make money out of it, I wouldn't want to stop them. Just like I wouldn't want the CSPs to limit the ability of others to deliver their cool services over the CSP networks.

As we move resolutely to an all-IP world, driven by the unrelenting business pressure of cheaper, cheaper, and cheaper, it is possible that the world of disparate networks will disappear sooner rather than later. The future lies in a coherent network that is flexible enough, can handle all of the bits thrown at it, and deliver them in the right order at the other end with minimal latency. This is a challenge that is being met better all the time. The network will become a utility - just like the electrical grid, which delivers the energy required to run whatever services the user wants, whether it is a hi-fi system, refrigerator, or industrial machine complex, limited only by the size of the electrical pipe into the premises. CSPs will eventually come to terms with the fact that the services supported by the network and the service of the network itself are different beasts.

CSPs are adept at always-on, which is a very challenging and very important skill, and one on which the entire world will continue to rely for the foreseeable future. The skills, and culture of always-on are almost diametrically opposed to "let's see if this works," which is the culture of the invention crowd designing services that run over the CSP networks. Carrying the bits is still an honorable trade, and one with solid long-term prospects and a high barrier to competitive entry. Not a bad business to be in.



Of course CSPs can choose to enter many other lines of business like Entertainment, Media, and multi-player Gaming. But the best approach may be for CSPs to recognize these as separate business endeavors, indeed as separate business units, requiring different skills, different organization, and a different culture. It's just not the same as carrying the bits.

CSPs, with some reason, persist in holding the idea that there is, somehow, a natural symbiosis between content services and bit-carrying. It seems logical. One reason is that, especially for real-time services, the network must "know" what is being carried to deliver QoS to the high standards that customers expect. The other reason is that customers have a long-term relationship with their CSPs; they trust them and look to them for all the services that cross the threshold. However this natural pairing is not so natural, and not necessary.

The first assumption is, in fact, somewhat valid. For real-time services using today's technology, delivery of QoS implies a type of prioritization that requires the network to know about the different

types of services it is carrying, and that implies that only the operator of the network gets full QoS management. But perhaps this is only true because CSPs never conceived of the Internet as being a common carrier network that could reliably deliver the services of a proliferation of third-party service providers. Nevertheless, many real-time and close-to-real-time third-part services, including voice, video, and media streaming, can be delivered very well using a combination of today's Internet, reasonable-sized access pipes, and smart edge technology. How much better would it be if the bit-carriers designed it for that purpose in the first place? (This has to be the topic for a further article.)

The second point is even more suspect. Even recently, we have heard CSPs claiming that they somehow have a special place in the hearts of their customers. Their customers trust them. The reality is that most customers are perfectly happy to buy services from whoever is selling what they're looking for. Sure, some customers may be more comfortable buying from a large, stable, and reliable brand than from some relatively unknown upstart, but there are lots of large, stable, and reliable brands that are not CSPs. Companies like Amazon, Google, Barnes and Noble, Microsoft, Disney, NBC Universal and many, many more are well known by customers, too. They have no hesitation in signing up for services, providing their credit card details, and happily consuming their selected service.

Which brings us back to SDPs. Why spend millions of dollars on systems to orchestrate subscription management, billing, and complex revenue settlement when the credit card companies have been doing it quite well for a very long time and show little interest in changing their business models? There may have been (and perhaps still is) an opportunity for the telecom industry to be the channel for a plethora of customer payments and transactions, but the business model to adopt and adapt is surely the credit card system, not the telecom billing machine. And the technology that will support it is not an intelligent network linked to a complex and expensive billing system, but a smart hand-held device with wide-area plus near-field capability. (Another article due on this.)

Being a great CSP is still a noble calling, and a profitable one too. Staying profitable will require making intelligent choices. Not just (as always) choices about network technology, OSS/BSS applications, robust operations, but also underpinning it all with the right business organization and business models, enabling innovation and creativity. Investing in SDPs should be considered an interim measure for some CSPs while they get their real next generation networks on line and develop pragmatic business models, relationships, and ways of doing business that reflect the reality of the new generation of consumers and businesses they have to serve.