Pipeline
It's in here.

Micromuse

Integrated and Focused on its Customers

By Edward J. Finegold

This month, Pipeline sat down with Micromuse's Chief Technology Officer Craig Farrell. What we found is that Micromuse is reasserting its leadership position in the OSS market – citing both its visible success with Telecom Italia and its technology partnership with the majority of the world's largest service providers - but understands that it faces some distinct challenges as well. As the company continues to integrate and align its product suite in the wake of several acquisitions and new developments, the market may be turning in its favor. Micromuse was founded based on the vision that networks would migrate almost entirely to IP, and therefore a massive need for IP service management and assurance tools would arise. As the industry shifts to IP services and applications on a broad scale, Micromuse may be poised to take a large step forward – though only time and performance will tell.

Pipeline: What has telecom's ice age been like for Micromuse, and what can you tell us about the company's market focus moving forward?

Farrell: The last three years has been a roller coaster ride (for telecoms) and a dose of reality for everyone. But Micromuse has successfully addressed it in a couple of ways. We've become more solutions focused as a company, with solutions in areas where we still could see growth like mobile and VoIP. We've set about solidifying our focus on enterprise as well, with business dashboards. But [enterprise customers] are far more concerned with applications and services. They see the network more as something that you use. We've made some changes [as a result of these factors].

Moving forward, we're focusing on solutions around areas like security. Also, we have all the products and components you need to build dashboards, but we'd like to have, for example, a standard mobile operator dashboard with standard solutions and metrics. We are fortunate in the customer base we have. We have a lot of mobile operators as customers and that gives us a lot of intellectual property and expertise to bring back into the product.

What was it about the enterprise market that didn't entirely work for Micromuse, and how can you assure telco customers that you will remain focused on their businesses?

It's not that enterprise didn't work out for us. Getting into enterprise does take time. We had to build the dashboards (for enterprise specifically) and it took some time to enhance our enterprise offerings. Some of these things take time in addition to the integration of the products and building the dashboards. These initiatives are still going on, and we've been working with our telco customers all along, so it's not like it's a major focus shift back to telcos for us.

We're still in there talking with our telco customers. We still need to maintain our products, and we're in there talking to them about what we can do better for them. Last week I attended our customer council with companies like T-Mobile, Nextel, and Verizon Wireless. We have these guys telling us what they're doing with the product and telling us specifically what they need to use the product for and how they need it extended.

Customers will make you smart – and they teach us what we need to do and how to make the dashboards that they want. We're lucky because we already have this customer base to draw from and it speaks volumes as to how important our product is. Most of the world's largest service providers have our product installed not because it's something nice, but because it's something that they need to have.

In a recent press release, Lloyd Carney, Micromuse Chairman and CEO was quoted as saying, "We were adversely affected by longer sales cycles due to the cautious decision making in the marketplace." Micromuse isn't the only company being affected in this way. What factors, in your opinion, are causing such extended and cautious decision making among carriers when it comes to OSS?

There is a lot more decision making by larger committees and the decision has to go further up in the organization to be approved. Plus, there is a big focus on Proofs of Concept and customers are asking vendors to demonstrate ROI right away, saying "prove these ROI numbers to me." So the POCs are longer in order to show that ROI before they buy. The CxO level guys are really making sure that for every dollar they spend they see an ROI in a relatively short time. Once you do get through that [POC], the approval process is longer and more people seem to be involved in it.

What about the OSS market's unfortunate reputation for over-promising and under-delivering and how that might affect sales cycles?

There may be a bit of that too. Every industry has that sort of problem. We really try not to do that (over promise and under deliver). For example, at Telecom Italia they wanted to do zero-touch provisioning and were very ambitious. This project promised an awful lot and huge ROI numbers. Last year in Dallas at TeleManagement World (Telecom Italia) were showing this product off with products from multiple companies including Micromuse. This was a long term, large project.

So, there's an example of us with big projects and big customers and the results were really impressive. Despite the difficulties of the past few years in telecom they (Telecom Italia) did succeed and are seeing the benefits and saving themselves some money. DSL roll out is absolutely happening for them. They spent the money and put the solution in place, and they have a world-class solution right now.

Telecom Italia did promote this DSL zero-touch provisioning project at the TeleManagement World event in Dallas in November 2003. Involved in this significant implementation and integration project were Granite Systems (now part of Telcordia Technologies), Syndesis, TIBCO and Micromuse. The resulting benefits Telecom Italia stated it has realized include:

- *20% increase in efficiency for network inventory processes*
- *10% increase in efficiency for service assurance processes*
- *Reduction in provisioning time by four minutes per order*
- *ADSL delivery time reduced from 21 days to 7 days*
- *Root cause analysis of faults reduced by 30 minutes per event*
- *Trouble ticket creation time reduced by 15 minutes per ticket*
- *26 regional centers removed with 80% reduction in staff*
- *Event alarms reduced by 333:1 ratio*
- *Mean time to repair reduced by 50%*
- *Significant enhancements in QoS for customers*

There are cases where customers with Micromuse products – Netcool/OMNIbus in particular - find that they are extracting tons of data from their networks, but have trouble doing anything useful with it. They aren't always turning to Micromuse specifically to solve the problem. How do you plan to address these customers and make things easier for them?

We've sold the Netcool/OMNIbus product the most, and the real secret to getting more value out of that is our Netcool/Impact product. It's such a versatile product. It can bring data in from any number of sources and get to the question of what does this fault or event mean for me and for my customers. This is an Netcool/Impact story. When people say they have a bunch of raw data and need to turn that into useful information, it's our job as a technology partner to educate them on how to accomplish that with our product. We demonstrate how Netcool/Impact helps them understand the relationship between IT events and their business. Our competitors don't really build anything that's as versatile in that sense.

What is it about Netcool/Impact that you believe makes it so different from what competitors are offering?
Netcool/Impact takes that raw event stream and for any particular fault can, for example, look at your provisioning database and understand how that customer is affected and what service level they are on. This adds a lot of value to our product and this is one way we can help our telco customers to go back in, take better advantage of their installed products and solve some major problems. We call it "event enrichment" – we take the raw data and enrich it in many ways. That's what really makes the product sing – having all this information from various databases and figuring out who is affected and what it means to the customer.

There's an entire language within Netcool/Impact that you can use to script and write Impact policies. Anything you want to do with data – poll it, manipulate it, etc. – you can do with this solution. Some of the other companies have a dashboard or screen or graph of what the problem is, but with Impact you can actually write the policy, and extend and customize the graph. We have the same display capabilities as many others, but we can deliver more information. Netcool/Impact has a complete programming language in its own right and can perform any calculations and correlations that you want. The real back-end components are there and that comes from being inside the world's largest

carriers. It can scale and deal with these large networks. Each one is unique and you have to be powerful and flexible to solve the problems each of these carriers is asking you to solve. That's the sort of pedigree that we come from.

This month's issue is all about mobile customer experience. As a provider of solutions that enable service assurance, what demands are you seeing from your mobile operator customers to improve customer experience? What are you doing with your products to help improve customer experience both in care interactions and on the network?

Netcool/Impact absolutely plays here, and we're being called upon to build dashboards for our wireless customers. They are looking for quality metrics, successful calls, dropped calls. We're providing impact analysis which deduces this into a wireless specific screen – what are the factors that affect churn, and are they getting better or worse? If they just spent money on some new equipment they want to know how that is that affecting churn. Our new dashboards product (Netcool Realtime Active Dashboards) is really aimed at producing those dashboards and solutions around it. We are getting this feedback from the largest operators in the world. What we're seeing more from our customers is less on seeing a graph of a router but rather tying back what we find about real business problems – our customers care about churn, so Netcool relates for them the things that are being monitored or measured back to business problems. They have spent money on the management of this and that, but finding a way to translate that information back into the business issues is what matters most.

Micromuse has made a number of acquisitions and some analysts have questioned how well the company has leveraged them. What's the key, from your perspective as CTO, to taking full advantage of acquired technologies?

The secret to any acquisition is integration - you need to do that well. The integration is more important than the buy decision, which is actually relatively easy. Making the integration happen and rolling it out to your customers is what you really need to do well. For example, Micromuse acquired Network Harmoni (in August 2003 for $23 million in cash) it was already selling the products. The technology was there - already integrated – and the sales people knew how to sell it, so it was already pretty well down the path. The best products to buy are the ones you're already selling because it makes the [product, business and organizational] integration easier.

In the last 12 months we kicked off "Project Melody" to achieve a common look and feel across all of our products and our integration stores. There was some housekeeping we had to do to rationalize the common components across these various product lines and foster complete integration. One of the purposes behind Project Melody was to bring integration in across the whole suite.

How does your personal philosophy as a technologist guide Micromuse's product development?

I believe the whole must be more than the sum of its parts. We just made our Netcool strategy for the next two years. The most important aspect was integrating the suite very tightly. There's a reason why our customers use Impact on top of Netcool/OMNIbus and it's because the solutions integrate together and you can leverage any part of the suite. That's one of the core visions for the Netcool suite, and as we solve specific problems for our customers that will guide our products from now on.

We're certainly embracing things like XML and web services, and most of that is around integration. These are just means to an end, and that end is integrating. The value of integrating is making sure the whole is more than the sum of its parts. If you integrate these disparate functions well together, then you really do have a world-class solutions, just like we discussed is happening at Telecom Italia.

At a time when there is more focus on corporate governance and compliance for public companies, the OSS industry specifically needs leaders that do business honestly and deliver what they promise. What steps is MUSE taking to insure its business integrity from the top down, and to promise to customers only that which it can deliver?

We have to be Sarbanes-Oxley compliant like everyone else. We've strengthened our internal controls and processes. I have genuine customer examples of doing this. We have long engagements with our customers as well - long substantial engagements over a number of years. If we're going to do that, then we have to do what we say we're going to do – that's the way we have to continue doing business. If you have a look at some of our management team, we have experience coming from companies like HP and GE and Juniper – guys from large companies who know how to deliver what you say over time.

For me, my job is to keep our technology and products leaders in this space. You want to have the best products solving your customer problems the best you can at the right time for (them). That's the same whether you're public or private. The pressure of product being out there on time comes more from customers as opposed to making a number by the end of quarter. I'm responding to our customers.

When you look at the future, where and why do you see Micromuse having continued success?

Security is hot right now, there's no doubt about it. When you look at what security really is, you need to take on, manage and prioritize more events. It's similar to what we already do. When you have different types of security events you need to display them and prioritize them. We need some security expertise and are partnering in the security space, but we have all the (technology) you need to do well in the security space. It's about events and knowing which are important and which are not, and that's something we already do.

Then there's the VoIP area and converged networks. We're in the IP management business, so the fact that the industry is more and more IP-centric all bodes well for Micromuse's future. There's no question the industry is moving in the IP direction, and IP is what we do.

About Micromuse CTO Craig Farrell, Ph.D.

Dr. Craig Farrell joined Micromuse as Chief Technology Officer effective August 20, 2003. Prior to this, he served as CEO, President, and Chief Technology Officer of NETWORK HARMONi (formerly NDG Software). NETWORK HARMONi evolved from NDG Software, a software utility company that Craig helped to found. Prior to forming NDG Software, he was on the faculty of the Department of Computer Science at Curtin University in Perth, Australia, and was also an adjunct fellow at the Australian Telecommunications Research Institute (ATRI). His research interests have included computer communications, network management and operating systems. Craig currently has several patents pending and his other publications include Internet RFCs and numerous journal and conference papers. From 1985 to 1989 he worked for AT&T as a systems engineer responsible for Unix systems development and support in the Asia Pacific Region. He holds a BSc (Hons) in Computer Science from the University of Western Australia and a Ph.D. Computer Science from Curtin University.