



## **Cracking NetCracker**

### **A Pipeline Q&A**

**With NetCracker Technology Corp.**

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*This month, Pipeline sat down with Andrew Feinberg, President and CEO of NetCracker Technology Corp. to discuss the company's ongoing success, business philosophy, solution delivery approach and active corporate expansion. Pipeline also asked Feinberg to explain why NetCracker has largely flown under the radar, and to respond to those in the industry who criticize its flexible solution approach. It appears that NetCracker has taken a significant step forward as the time and energy it has spent developing key customer relationships has paid off in financial stability, ongoing customer wins and possibly the fastest growth of any provider in the OSS sector.*

**Pipeline: When you have 30 seconds or less to explain how NetCracker is truly different from its chief competitors, how do you respond?**

*Feinberg:* NetCracker provides a broader solution to our customers. We're moving from a traditional definition of inventory to a broader concept that includes asset management, ordering, and telecom cost management—a more comprehensive solution. Our customers have embraced the idea and responded very well to that offering as it is consistent with how they run their businesses. We also have a very strong solution delivery organization. We take responsibility for implementing our solution and our customers hold us accountable for that delivery. This gives us more control in insuring success in the delivery of our application.

Over the years we've seen multiple parties involved in OSS delivery – vendors and systems integrators – and what happens is that everyone points fingers at everyone else and a few years down the road there's little to show and no real ROI. So we take and deliver a broader piece of the OSS pie. We put our money where our mouth is, and our customers have one neck to choke in terms of accountability. We are most comfortable operating that way. We are not a software vendor or integrator, and we definitely work with both of these. We are a "solutions" provider with some powerful productized software, best practices, expertise and talent able to work with customers closely, understand their problems, consult with them, and make them more competitive.. This is the only way it can work --there is no such a thing as a well-defined, cookie cutter OSS solution that will work in every environment the same way.



Large carriers have realized that many of the OSS components they've been exposed to aren't necessarily solutions that will make them more efficient. Clearly, integration has to be minimized as much as possible to enable carriers to implement solutions and realize ROI faster. What large telcos want is a comprehensive solution vendor that will sign on the line and deliver what they need. We've seen too many players globally over-promise and under-deliver.

**Pipeline: Why is NetCracker not always recognized for its actual success and staying power? What evidence can you offer that can change this possible misperception?**

*Feinberg:* We are less concerned with PR buzz and marketing gimmicks and realize these aren't really the path to success here. But, look at our Tier 1 customers around the world – TeliaSonera, Telstra, Covad, SwissCom, MGTS, Time Warner Telecom – this is just to name a few. The business we've earned with these customers represents some of the most significant OSS transactions to take place over the last few years. There's a reason why they've come to us. Many of these customers are already in production, and in less than a year are seeing the benefits of working with NetCracker.

NetCracker has been in business for more than 10 years and has grown to approximately 300 people. We are hiring more than a person a day at this point. Our strategy has been very simple – to become *the* solution provider to service providers. It was very early on that we recognized there were no short cuts in this industry. It takes a long time to build a reputation and strong customer base. We have invested the dollars we have into product and solution development and delivery and in building the best team in the industry to make us successful. Instead of investing irresponsibly in marketing gimmicks, we continue to invest in our customers and long term partnerships with these customers.

**Pipeline: How does your personal sense of integrity guide the way in which NetCracker conducts business with its customers? How do you insure the entire company – particularly your sales force - buys into your philosophy?**

*Feinberg:* Fundamentally, I believe our customers are our best references and our best sales people. To build a meaningful, long term relationship with service providers and earn credibility and respect requires an enormous amount of hard work and integrity. We are fully committed to our customers and what we sell to them.

Our answer for insuring that success was to create our own delivery organization and put our money where our mouth is. We don't want to be blamed by others or blame others for our delivery. We want to make sure we deliver everything we



commit to, if not more. Our people are on board with that philosophy. Everyone in our sales force has operational experience, decades with Tier 1 operators around the world, and having been in the buyer's shoes, they understand how problems need to be solved. We also have a very simple lever to make sure everyone is committed to this: none of us truly get paid until our customers are 100% successful, and that goes from technical and sales folks all the way up to the executives, including myself.

**Pipeline: How do you respond to critics who suggest that NetCracker's products are mostly development tools, and though they look good in demonstration, they may not pack the punch under the hood that competing products claim?**

*Feinberg:* A lot of this goes back to my earlier answer about our solution. Most of our perceived competitors have engineering tools and databases that have a certain place under the sun. NetCracker has a broader solution, and must be more flexible as a result. We need to have a lot more inherent flexibility to accommodate complex business processes. To truly connect the organization and add value, you need to have a lot of configurability in the application.

We have powerful out of the box products, but to meet our customers' demands we have to bring a degree of flexibility. Anyone who compares us with one of those engineering tools is not making an accurate comparison. Once we demonstrate that to our customers, we win the business. We certainly hear those criticisms on a daily basis. But I go back to our customer list around the globe and their need for flexibility. NetCracker's flexibility turns out to be a significant advantage and deal winner for us once the customer takes the time to understand their needs and how we can help them.

Finally, imitation is the best form of flattery and, if you look at how our competitors have changed their product architecture, it reflects an effort to develop similar software power to what we bring.

**Pipeline: In your opinion, how much does the lack of consistency in the industry regarding how value is ascribed to OSS hold the entire sector back from reaching its true potential?**

*Feinberg:* I don't necessarily agree that the lack of consistency is directly related to the value of OSS. I believe OSS is strategic to carriers, and that at the top executive ranks there is a strong awareness of the need for OSS solutions. Where we've had a lack of consistency has been in delivery of applications. In most cases a lot of executives feel very disenchanted with what they've paid for and what they've ultimately received.



All of it goes back to a Telco's ability to deliver new services effectively and there is an understanding that OSS is at the core of it. The question for service providers, then, is who they can trust to deliver that OSS capability? I think the OSS sector has a damaged reputation and it's our job to fix that reputation and deliver on our commitments.

**Pipeline: NetCracker is going through a major expansion and has been uncharacteristically vocal about it. Can you describe what the end goals of this expansion are? Is there an IPO in your future?**

*Feinberg:* There is a significant demand for our solutions to fill a void in the industry. We feel we're the only company that can fill that void successfully. So, ramping up to have the bandwidth to satisfy that demand is our biggest challenge today.

We do not believe in over-committing ourselves. We believe in long term, meaningful relationships with large customers that generate long term recurring revenue for the company. We aren't running around trying to grab every \$300,000 OSS deal out there. We have been criticized sometimes for not growing as fast as we can – our revenue base can support faster growth as can the demand for our solution – but we are very cautious about over-committing ourselves. All it takes is one failed implementation with one big customer and you take a giant step back, and we will not have that.

An IPO is not something that we're planning right now, though I believe today we have the best looking balance sheet and income statement in the industry. We have bootstrapped the company from the beginning and have always been profitable. A lot of companies spend a lot of time responding to investors, and that can take away from the time you spend taking care of customers. We want to make sure we have a global practice dedicated to our customers before we think about diverting that attention to public investors.

**Pipeline: Given how many OSS vendors have come and gone in recent years, what do you think is the long term model for success?**

*Feinberg:* I'll reiterate that it's about an OSS vendor that has the technology, team, responsibility and accountability to deliver a strong solution to the customer. We've been consistently building this company around that vision. We believe it's a recipe for success, and it's why NetCracker has a reputation among our customers as a trusted partner.