

# Pipeline

Knowledge Is Power

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## To Buy or Not to Buy Your Business Partner ... That IS the Question!

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In a previous job, I came back from maternity leave to learn that our strategic billing partner had been acquired by our main competitor! It felt like a cold shower on a snowy day. Our wonderful and flagship end-to-end VoIP strategy seemed to fall into pieces overnight.

The episode brought up an interesting question: should we have acquired our partner before our competitor did? The answer isn't straightforward and in this type of situation you must address the following considerations:

- What is your volume of business with the partner?
- Does the combined solution really bring measurable benefits to your existing and prospective customers?
- Would the culture and business values of both companies fit?
- Does a significant part of the partner's business come from your competitors?
- How much business do you do with the partner's competitors?

Be careful not to buy a partner just because you fear your competitor might buy him first. Make sure you can adequately answer the above questions.

### **Partnerships are mandatory in today's highly demanding telecom world.**

Networks are so complex today that a single company cannot offer everything, unless, of course, you are the next Nokia-Siemens or Alcatel-Lucent. Even then, you need to have specific partners to address niche markets and strategic partners to increase global visibility and geographic reach. Take the Alcatel – Microsoft Triple Play partnership for instance. It may not be the most successful partnership in terms of revenue, but it definitely brought visibility to both companies and anchored the fact that Alcatel was a significant Triple Play manufacturer in everyone's mind.

Service Providers resist having a single provider for all their network elements. First, they need to foster competition between the vendors to get the best price. Second, they need to evaluate different vendors to get the best of each breed to offer the complex voice, video, e-commerce and multimedia services their customers are looking for today. The end result too often is an awkward marriage of

unlikely players: each a leader in its respective area but together a potential disaster in the making.

So how should you glue the pieces together? You need a solid foundation that will last but still be flexible enough to allow building on top of it and expanding.

“Oh no, we missed our Christmas deadline! Boy! Easter is gone too... Darn, summer is too late, everyone’s on vacation!” Your customers don’t want to hear or experience that! They also don’t want to see their competitors take market share first as it’s often a first come, first served – and first kept— industry! So if you want to get them to market before next Christmas and not wait for the next Labor Day sale, you need to get the components together fast. It’s even better when those components come already glued together and you can commission them in days or weeks rather than months. That’s what partnerships are for!

### **Successful vendor partnerships lead to successful customers.**

Particularly in the OSS/BSS world, vendors must find a way to integrate with leading third party equipment providers. That’s our fate, but also our value! With fully integrated solutions, Service Providers can deploy a wide range of personalized services, from basic Internet to complex Multiple Play. Data, Voice, Video, Content, gaming, Messaging, music, and mobility are some of the many services end-users are demanding. These services should be available across any access technology (DSL, cable, satellite, wireless, cellular, or BPL), which adds another dimension, and brings even more vendors in the loop. These services should also be available across devices: computer, TV, PDA, mobile or smart phone, fixed phone, gaming gear, .etc. All of these media and devices need to be provisioned, managed and billed flawlessly.

Successful vendor partnerships lead to successful customers:

- Preexisting relationships between the vendors will save the customer time – and therefore money – in engineering, project management and coordination; resulting in project efficiency and immediate results.
- Pre-integrated, productized solutions are also superior in that they reduce complexity and integration time, leading to quick market entry and first-mover advantage, as well as reduced cost of ownership as the learning curve and development expense are amortized over multiple implementations.

### **What is a successful partnership?**

To illustrate the attributes of a successful partnership, consider the case of next-generation billing and provisioning systems, where partners are required for:

- Access management equipment – DSL, cable, satellite, wireless...
- SLA and QoS – bandwidth and traffic management, monitoring, security
- VoIP – softswitches, taxes, emergency routing, and number management
- Content and messaging

To be successful in this area, software vendors have to partner with equipment vendors whose business is often very different: different technology focus, different development cycles and support operations, different sales cycles, different sales and marketing strategies, etc. Buying such a partner would require adapting to

activities you have little or no experience in, potentially slowing you down dramatically if each company's business or internal culture clashes. A partnership is clearly a better situation in this case.



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Partnering is not piggybacking. Successful partnerships can take years to develop. However, if it's a true win-win situation, both parties can see their interest and should be diligent in setting up the foundation for success, that is: sales relationships for sales leads exchange, technical team relationship for off-the-shelf integration and easier product support and maintenance, as well as marketing relationship to speak together as one and communicate the partnership's obvious benefits to potential customers.

This approach to partnerships has been extremely beneficial for many companies. The following example is presented to illustrate how OSS/BSS vendors can benefit from partnerships with third party equipment such as Broadband Access, to roll-out large scale off-the-shelf broadband solutions rapidly and at the fraction of the cost of deploying them from scratch.

#### **OSS and access: a winning team**

As the focal point for sign-up, provisioning, resource and end-user management, the Operations Support Systems (OSS) needs to be aware of and integrated to many parts of the network and especially to the access equipment to better monitor and manage customer access and resource utilization. One of the successful partnerships an OSS vendor can set up therefore is with access equipment vendors, whether in DSL, cable, satellite or wireless space. We are presently experiencing a surge in wireless deployment, so we'll use this as an example of the benefits achieved by integrating OSS/BSS to WiMAX access. The example translates easily to other access scenarios, and to partnerships in general.

New broadband wireless and WiMAX technologies promise significant opportunities to offer new services and compete with incumbent broadband providers. However, in order to effectively roll-out data and voice services on their networks, wireless operators must implement customer management and back-office solutions that are cost-efficient and integrated with their networks. By its nature WiMAX, and especially mobile WiMAX, offers benefits in the area of self-installation and self-

activation, and flow through business processes to manage services and customer interactions.

Providing an off-the-shelf, cost-effective business solution for Wireless Broadband networks brings strategic benefits to the Service Provider, including network optimization and an enhanced end user experience:

- Automated management of key resources such as IP addresses, CPE, and network equipment facilitates provisioning and asset efficiency
- Traffic and bandwidth optimization ensures spectrum efficiencies and QoS
- Fair access policy and quota management allocates resources using market economics
- Integrated fault management and subscriber diagnostics facilitates SLA and can reduce communication and customer care expense

Both OSS vendors and WiMAX vendors benefit from enabling additional features to the end user with reduced costs and enhanced customer experience. OSS vendors and WiMAX vendors need to closely collaborate to provide off-the-shelf solutions that leverage the skills of each and result in well defined features for increased customer satisfaction. One of the natural transitions we are witnessing with our customers is the evolution from low speed internet to wireless high speed internet in hard to reach areas and then the introduction of all-in-one High Speed Internet and VoIP for all customers to leverage the investments and offer enhanced services to all subscribers.

### **The key decision**

I'll let you consider this... and while you meditate on it, I will tell you the end of my story:

After our partner had been bought by our competitor, our business development team managed to find another great player that could also provide an innovative billing solution with open APIs and standard interfaces to successfully support end-to-end VoIP and Triple Play solutions for our customers. We were back on track!

Yes, partners can become competitors or can already be competing with you on other products, but these are the rules today and vendors have no choice but to play the game. Considering your background, size, business and market, a decision to buy your partner might only slow you down or even stop you completely.

The key is to choose the best players for your team. As long as it's a win-win situation and a big win for the end customer, that's all that matters!

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