There's Consolidation, and There's Consolidation

By Robert Curran, Cramer Systems

Editor's Note: In gathering responses to questions distributed to a range of vendors, Pipeline received a compelling letter from Cramer Systems' director of global marketing Robert Curran. We felt that Curran's perspective on how development – and not consolidation – is the key to solving carrier's major problems was worth sharing with our readers.

The current "wave of consolidation" – though there's no such thing, of course - in the telecom software sector is not being driven by a response to carriers' major issues. It is being driven as a defensive play by larger vendors or a survival strategy for smaller ones. For example, Telcordia's acquisition of Granite Systems was stated at the time to be about accessing new revenue opportunities, not specifically about solving customers' problems in a better way. In fact, Telcordia's Elementive strategy is visibly and by definition about offering as wide as possible a range of component products. I don't believe it's inaccurate to characterize this as a "bag of bits" approach to OSS. (*Ed.Note – To Telcordia's credit, the Elementive strategy is intended – at least in concept – to overcome challenges like the integration tax. Curran's assessment, however, is not wholly inaccurate, but it represents one specific point of view*).

Metsolv's historical aggregation of components a few years back was likewise a way to broaden a portfolio of products - but again, has not changed how Metasolv attempted technically to address the real, bigger issues for service providers in OSS, such as BSS/OSS integration and the integration tax, generally. Let's also not forget that a consolidation of sorts was attempted by the equipment vendors not many years ago, and that strategy demonstrably failed.

So "consolidation" as it actually is expressed today is a political or commercial one, and thus far has little to do with service providers' needs. It's more like "own as many pieces of the puzzle as you can". The trouble is that the overall picture has not been painted first, and that is what lets service providers down. Even if the pieces fit - and everyone already understands how expensive it can be to try to fuse two totally separate product lines - the resulting picture will not be a thing of beauty and simplicity.

This, incidentally, helps explain why OSS vendors have, on the whole, been spectacularly unsuccessful at replacing the big systems built by Tier 1 telcos. There are many smaller in-house systems built, and these have been nibbled away at by commercial vendors, but the big systems have remained like a citadel, impregnable, and no amount of rearranging the pieces or company names on a "bag of bits" is going to change that.

However, it's important to talk about another kind of consolidation that is also happening in the marketplace. The consolidation of the overall vision for how OSS, and a telco, can best operate - the "thing of beauty and simplicity" I referred to earlier; a "grand design" if you like. This is the consolidation the industry actually needs because it can and does address the "big issues" - namely, how do we run our business and operations cost effectively and deliver high-quality customer experience without creating a systems estate that is unbelievably complex, expensive and difficult to manage?

That consolidated vision is radically different to the history of how commercial OSS has

developed to date, and has a lot more in common with the rise of enterprise software applications such as SAP and Siebel. Cramer believes that a commercially available, integrated solution based on a consolidated architectural vision is what service providers need and want - and we would point to our growing success as evidence for the demand, particularly among Tier1 carriers.

This architectural vision does come at a cost. It means substantial investment in R&D and rigorous software development practices. It means turning down the opportunistic acquisition of cheap technology as a means of expanding footprint. It means finding and paying for world class people who can think big and make it happen. It means building a vision and making a long term commitment to customers and shareholders about the direction of the business. But the big upside is of course the far higher likelihood of a long term relationship with carriers that delivers very substantial business-wide value.

As far as we can see, and please tell us if we are wrong, Cramer is the only OSS company actually executing in this way - in stark contrast to the "bag of bits" approach so prevalent in the industry. This approach is beginning to come to the end of its natural life. After all, how many OSS vendors are profitable today?

Cramer believes in developing true enterprise-class software for carriers. This is partly because of Cramer's pedigree in high quality, large scale software development. The norm among commercial OSS vendors, with no disrespect, is operations and engineering people who saw a better way to do their job if only they had a better tool.

Cramer is the polar opposite of the "bag of bits" approach to OSS. We work and develop our product to a unified, strategic "blueprint" of the minimum number of systems that a telecom service provider actually needs to be able to function efficiently. Simpler is, after all, better.

There will probably always be a demand for highly specialized OSS-related tools to do specialist jobs. Meanwhile, watch while the upper end of the market takes off, and a handful of vendors - those truly executing to a consolidated architectural vision - take off with it. That's where Cramer will be, of course…

Closing note: While others have decided to sensationalize the recent resignation of Cramer CEO Jerry Crook, Pipeline has chosen to let the issue rest. Though Mr.Crook resigned after being named in a U.S. federal indictment, the indictment relates solely to Mr.Crook's time as an executive with Peregrine Systems. Cramer Systems was in no way involved in the allegations stated in the indictment. For this reason, and because the news item broke well before our publication date, Pipeline has decided to refrain from additional comment as it would be at best redundant.