Pipeline Q & A: Todd DeLaughter

VP and GM for HP's Management Software Organization

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Pipeline Q&A: HP – A Model for OSS Consolidation?
For an issue focused on industry consolidation, it seemed sensible to feature HP. One of the OSS sector's most significant players, HP is also one of its stealthiest marketers. With more than 400 installations with major carriers worldwide, however, HP cannot and should not be overlooked. In this Q&A, Pipeline discusses HP's OSS business and why it's strategically important to such a large and diverse company. We also delve into HP's views on a consolidated OSS sector, what role it might play as consolidator, and how it is working to help its carrier customers eliminate the "intregration tax." What is revealed is the extent of HP's offerings and the fact that its OSS business provides a model that many ambitious, acquisitive OSS vendors hope to replicate. Pipeline had the good fortune to chat with Todd DeLaughter, the vice president and general manager responsible for HP's global management software organization – including telecom carriers and enterprises across the range of industries HP serves.

Pipeline: HP has a much larger and broader business than the typical OSS provider. How does a relatively small segment like OSS applications become strategically important to a massive company like HP?

DeLaughter: If you look at the hardware business, it is massive compared to software. But hardware is moving to industry standard platforms. One way HP can continue to differentiate is through things like software. Software is, in fact, one of HP's biggest strategic focus areas and our investment in software has increased substantially in the last 18 months. HP is aligning its sales force around vertical sectors, and the network service provider vertical is the largest. Now, specific to OSS – having a vertical product aimed at the OSS space provides our sales teams with the ability to talk to network service providers about long term strategic relationships. It gives our sales force an entrée to have a more meaningful discussion with our customers.

Pipeline: HP's "Adaptive Enterprise" effort shares many ideas with the TMF's "lean operator" concept. Can you explain "Adaptive Enterprise" and give us an example of where carriers are following it?

DeLaughter: Adaptive Enterprise is a vision of how we get our customers to link their infrastructure to their business so they can capitalize on change. The idea is to be able to change in dynamic ways in real time and change infrastructure capabilities. It answers questions like how an OSS environment can cope with that level of change, and how to prioritize activities and keep the revenue flowing. I came from the Compaq side of the business…the push to "Adaptive Enterprise" is actually taking what TMF has already done to form something similar for enterprise IT. We're active on the TMF board and the person who [helps define the adaptive enterprise approach] is very informed about the tie-ins you're referring to. From a pure OSS perspective, we have an integrated framework called ISM. We don't cover all of the functional blocks in OSS, but we cover many of them. What we don't want is to do custom integrations, so we come in with a pre-packaged solution.

Two example where carriers are using adaptive enterprise are Colombia Movil and Swisscom. Colombia Movil entered as a new start up and went to 250,000 subscribers in one month. Its architecture is based on an ISM infrastructure, with a TIBCO messasge bus, a number of OpenView components and some partner solutions. This was a green field opportunity, but a lot can change when you're growing at that rate and that's where the ISM architecture played an important roll. At Swisscom they were having trouble managing their workforce efficiently and delivering strong background information for SLA management. We were able to offer them a complete solution to manage their services from end to end.

Pipeline: We've talked about functionality and philosophy, but what more can you tell me about how HP's OSS offering is really unique?

DeLaughter: We have products that cover the OSS space like mediation, activation and assurance, but I think what's unique is that we've extended it as well to manage performance of network and service infrastructure, to manage the systems on which services depend and provide real service management. This takes us deep into carriers operations where we deal with problems most OSS vendors never see. For example, using a process-oriented approach with ISM, one customer identified within three days that its credit check process was failing almost 25 percent of the time, and this in turn caused the activation process to take nine times longer than it needed to. We were able to solve this problem where I think typical OSS vendors are not thinking about the infrastructure at the business process and service level.

The other unique aspect of HP's offering is that we are a systems integrator and a full featured product vendor, which I don't think anyone else can claim (Editor's Note: While many large OSS vendors have strong professional services groups, none can really claim to be a product vendor and SI at the scale HP is suggesting.) We are focused on reducing the integration tax. We're bringing a product portfolio with us, so it's our job to take care of that integration and remove that tax completely wherever we can.

Pipeline: What steps has HP taken to keep TeMIP current, given the product line has now been around for a number of years?

DeLaughter: I think, at a competitive level, what our customer care about is reliability, scalability and the ability to handle massive architectures. That's what TeMIP offers and we've had a record number of new contracts signed this year. We continue to invest heavily in that product – such as in an OSS/J interface and more integration with key partners. Actually, it's no older than products like NetExpert (developed by OSI, acquired by Agilent) for example, but seems to have a better record. The investments we've made in TeMIP keep it very competitive in the market. We are competing and winning today and that shows we are meeting customers needs.

OpenView has always been designed cleanly and intended for expansion. People not familiar with OpenView might not realize that we've integrated it with network node manager and evolved into a very scalable management platform for IP. We added capabilities to it for things like more predictive analysis, and newly integrated technology has helped us leapfrog ahead of Smarts (an HP competitor recognized for leadership in enterprise infrastructure management and predictive analysis solutions for application services).

Pipeline: This issue is about consolidation in the OSS sector. Where does HP see the sector going, and what can you tell us about HP's potential role as a consolidator?

DeLaughter: Companies that might have had leading point products in the 90s are looking to consolidate with larger companies, so that will continue to happen. It's a matter of business reality for many companies. Service providers want fewer vendors to work with who are more full service, with product, product integration and maintenance. At our user group last week it was clear that when an OSS investment is made, service providers are looking at a five year horizon. You have those OSS companies that failed in the market (leaving carriers stranded with unsupported applications). That left a bad taste in the mouth of large service providers where their critical issue is time-to-revenue. Now they want companies that assure them the safest path to revenue, and when they look at companies to place their bets on, HP gives them the level of assurance they need.

In terms of HP as a consolidator – The network service provider vertical is a strategic area for us, so we always keep our eyes on opportunities and how we will proceed in the market, but there's nothing specific we can comment on now.

Pipeline: There are many carriers with large OpenView installations. Often they have had problems managing all of the data OpenView can produce and turning it into useful information. How are you working to turn this into an opportunity, and fend off some of the creative new service management providers?

DeLaughter: This is really at the heart of "Adaptive Enterprise" - take the ream of data coming from the IT environment and turn it into information, connect it to the business, and take meaningful action to tune the infrastructure below, to fix any potential problems or make improvements. Specific to the question, we look for strategic OEMs and maintain those fully integrated with our portfolio. We've just added a very interesting technology that's allowed us, as I said, even to leap ahead of Smarts (in service management and network data-service correlation).

We have a very scalable topology model and we can let people go as low as they want to filter or allow alarms to aggregate up. The notion is to aggregate data up into a service and be able to view information that way. We are very active in turning reams of data into actionable information. One example is Telstra, where in an interview with CIO Asia they talk about having problems in the network with identifying who's affected when elements go down. We came up with an HP solution that lets them see what customers are affected and drill down to see what created the problems. If you want to manage a service from end to end, you have to track that service all the way down the infrastructure and all the way back up.

The whole notion is that "Adaptive Enterprise" is going to give network service providers the ability to respond more rapidly to change, consolidate data into information, and bring costs down – but with HP it also gives those service provider a strategic partner to work with.

Mr. Todd DeLaughter is Vice President and General Manager for HP's Management Software Organization, part of its Software Global Business Unit. DeLaughter is responsible for delivering HP's management software solutions for the Adaptive Enterprise and has overall business accountability for the management software business, including strategy and business planning, acquisitions, strategic partners, operations, marketing and R&D. Under his leadership, HP has fortified its software portfolio by partnering, building new capabilities and through seven acquisitions. Previously, DeLaughter headed up the worldwide HP OpenView marketing and operations functions. DeLaughter is a former board member of the TeleManagement Forum.