

INSIGHT

Oracle Stakes Its Claim in the SDP Market

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IDC OPINION

On April 18, Oracle officially launched its service delivery platform (SDP) strategy at the same time that it announced its acquisition of Net4Call and shortly after announcing its planned purchase of Portal Software. With these moves, Oracle firmly plants its stake in the SDP market. IDC makes the following observations about Oracle's SDP strategy:

- ☒ Oracle will face competition in the SDP market from network equipment providers and systems integrators that have a strong historic presence in the telecom industry, even as it partners with these vendors to deliver aspects of its service delivery solution.
- ☒ Although Oracle will be able to strengthen its presence in the telecom market via its acquisitions of Hotsip, Net4Call, and Portal, IDC believes that further acquisitions and partnerships are likely.
- ☒ Oracle's primary advantage in the SDP market will be its proven capabilities in enterprise business process management and business integration, which will become increasingly important as the telecom and IT worlds converge. In addition, Oracle understands the key role that OSS/BSS systems will play as operators look to develop and deliver advanced services.

IN THIS INSIGHT

This IDC Insight analyzes Oracle's recently announced service delivery platform (SDP) strategy.

SITUATION OVERVIEW

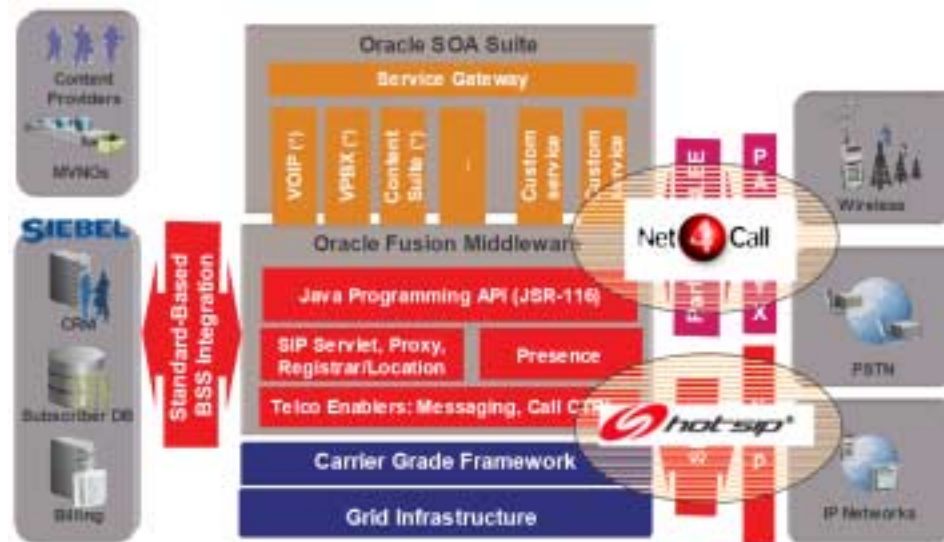
On April 18, 2006, Oracle announced its acquisition of Parlay infrastructure software provider Net4Call, the latest acquisition in a months-long buying spree that began with the finalization of its acquisition of Siebel Systems in January. At the same time, Oracle officially launched its service delivery platform strategy. Net4Call; Hotsip, which Oracle acquired earlier this year; and, to a lesser extent, Portal Software will all be critical components of Oracle's SDP strategy.

Oracle's SDP is built on the foundation of Oracle Fusion Middleware, the company's middleware product suite. The SDP, depicted in Figure 1, comprises the following components:

- ☒ Parlay interfaces and SLEE adapters to communicate with legacy networks, which will be provided by Net4Call
- ☒ A SIP interface to communicate with IP- and IMS-based networks, which Oracle acquired as part of its Hotsip acquisition
- ☒ A network adaptation layer, which includes a set of adapters to connect the SDP to the existing telecommunications network
- ☒ An enabler framework, which includes a set of out-of-the-box common components that simplify the service development process (The set of components includes a SIP servlet container, a presence server, a proxy registrar, and a location server.)
- ☒ A high-performance data management solution, which includes Oracle TimesTen In-Memory Database

FIGURE 1

Oracle's Service Delivery Platform



* Planned future functionality

Source: Oracle, 2006

In addition, Oracle's SDP road map includes the following capabilities:

- ☒ Call control capabilities that can work across both IMS and legacy networks
- ☒ A charging enabler that integrates the SDP with relevant billing systems
- ☒ Device management capabilities, including a device repository
- ☒ A set of out-of-the-box services that operators can deploy immediately, including virtual PBX, push email, residential VoIP, and a mobile content delivery service

Oracle does not include its BSS assets and OSS/BSS partnerships within the realm of its SDP, but IDC believes that those capabilities will come into play as Oracle deploys its SDP solution. Specifically, those capabilities are as follows:

- ☒ **Customer relationship management:** The Siebel Communications Suite includes a service order configuration component, which enables the service provider to capture and validate service orders, then decompose those orders into work orders. As operators begin deploying real-time, on-demand services such as mobile content delivery, this ability to provide automated order handling becomes increasingly critical. Siebel's customer self-service and electronic billing capabilities, which the company gained from its 2004 acquisition of edocs, are also valuable, as operators fear that rolling out advanced services will increase their operational costs through increased call volume to customer care centers.
- ☒ **Billing:** Oracle announced its intended \$220 million acquisition of Portal Software immediately before its acquisition of Net4Call. The acquisition of Portal makes sense for several reasons, not the least of which is the existing tight integration between Siebel and Portal, as well as the fact that Portal's software is built on Oracle. Portal's background in IP billing also appeals to Oracle, as do its traction with content providers and its revenue management capabilities, which synch well with the revenue assurance assets that Oracle gained from PeopleSoft.
- ☒ **OSS partnerships:** Oracle recently announced plans to integrate its asset management capabilities with Cramer's inventory management solution, providing operators with a comprehensive view of all of their network assets. Oracle has also been active in the TeleManagement Forum over the last few years, including participating in TeleManagement World Catalyst projects.

FUTURE OUTLOOK

To recoup their investment in next-generation architectures such as IMS, operators must be able to create, deploy, and deliver advanced services quickly and efficiently. This mandate has driven increasing interest in service delivery platforms over the past few years, prompting a wide variety of vendors to develop SDP solutions. Those vendors generally fall into the following categories:

- ☒ IT suppliers, such as Oracle, HP, IBM, Sun, BEA, and Microsoft, which are augmenting their existing enterprise application platforms with telecom-specific capabilities, as Oracle has done with Oracle Fusion Middleware
- ☒ Network equipment suppliers, such as Lucent, Ericsson, Siemens, Motorola, and Nokia, which are looking to expand their capabilities up into the IT realm
- ☒ Systems integrators, such as Accenture and LogicaCMG, which are entering the SDP market with frameworks that third-party software vendors can plug into
- ☒ Software vendors that develop components of the SDP, such as rendering or device management, and sell them either directly to the service provider or via partnerships with other SDP vendors

Oracle's primary disadvantage in the SDP market is its relative lack of traction among telecom service providers, particularly in relation to the network equipment providers and many of the systems integrators. Its recent acquisitions will help it in this area, and IDC expects Oracle to announce additional acquisitions and/or partnerships to strengthen its telecom vertical.

However, IDC believes that two significant factors are working in Oracle's favor. The first is Oracle's existing capabilities in the enterprise space, specifically in business process management and business integration, both areas that will be important as operators look to integrate their SDPs with their existing infrastructures and, eventually, with their next-generation architectures.

The second is Oracle's awareness of the relationship between the SDP and OSS/BSS systems. Although IDC does not include back-office systems within our definition of a service delivery platform, we do believe that a successful SDP must take into account the operational challenges associated with delivering and managing advanced services. Oracle understands the importance of a seamless integration between the SDP and the OSS/BSS that supports it, including billing, charging, provisioning, assurance, and so forth.

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