



VENDOR PROFILE

Does Oracle Go Top of the Class in Telecom Transformation?

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IDC OPINION

Oracle's armory of solutions for the telecommunications industry was on display at the recent Oracle OpenWorld in Beijing held in December 2010. Oracle clearly has had extraordinary success in one of the most challenging but rewarding verticals in the entire ICT industry. The industry is undergoing a radical transformation as many telecom providers are now finding their niche in an enlarged ICT industry to compensate for their declining traditional revenues. Several customers that attended the event underscored the important role that Oracle applications and technologies have played in their own transformations from which they have emerged leaner and more efficient. Virgin Mobile (Australia), Axiata (Bangladesh), and Telekom Malaysia (TM) were some of the Asian telecom SPs present at Oracle OpenWorld that shared their stories. Presently, Oracle claims that the top 10 network equipment providers in the world run Oracle Sun hardware, 100 of the top 100 telcos run Oracle databases, 97 of the top 100 telcos run Oracle Middleware, and 98 of the top 100 telcos run Oracle Applications. It serves both as a strong testimony to Oracle being a critical partner to SPs across the globe, but an immense source of references as well. IDC believes that the telecommunications vertical is very strategic given the size and scale of the industry, and more importantly, the monumental changes that are taking place at the moment. All these factors suggest tremendous opportunities for any IT vendor and Oracle's deep relationships with many of these telcos are not only a good starting point for them but also a striking advantage. These relationships put Oracle in a very good and enviable position to take advantage of the opportunities that lie ahead.

This vendor profile specifically looks at Oracle's communications business and the success it has had with TM

IN THIS VENDOR PROFILE

This IDC Vendor Profile presents a view of Oracle's position as a supplier to the global telecommunications industry. It is based on the information from Oracle OpenWorld 2010 in Beijing as well as discussions with customers and partners.

SITUATION OVERVIEW

Company Overview

In December 2010, Oracle presented an update on its solutions and strategy for the telecommunications vertical as part of the Oracle OpenWorld that was held in Beijing.

Oracle's strategy in the telecommunications space is to deliver a complete, open, and integrated portfolio of software, hardware, and system that helps telcos across the globe grow top-line revenues, increase operational agility, and operate more efficiently. Customers present at the event gave many accolades that testify as to how Oracle solutions have helped them achieve their ambitions and objectives.

Company Strategy

Oracle has an extensive telecommunications solution portfolio built over the years via some strategic acquisitions. Oracle's Siebel customer relationship management (CRM) solution continues to remain the centerpiece of its telecommunications solutions portfolio and neatly anchors the BSS/OSS suite of products. Oracle's vast BSS/OSS portfolio consists of a broad spectrum of solutions, but the underlying objective of these solutions is to enable telecommunications clients to grow new revenue streams, reduce operational cost, and anticipate changing customer demands. This includes enabling telcos to enter new markets and territories, bring new services to market faster, and more importantly, manage the entire process and the massive amount of information on a single unified platform. In addition to Oracle's Siebel CRM, some of the additional communication products and solutions include:

- Billing and revenue management
- Online charging
- Order management
- Service delivery
- Service fulfillment
- Inventory management
- Project and asset management
- Business intelligence and analytics

- ☒ Master data warehousing
- ☒ Service activation
- ☒ Retail and supply chain management (SCM)

Oracle has had a long commitment to open standards that has helped the company position uniquely in this vertical. It also helps carriers with the kind of business flexibility and responsiveness that are vital in enabling them to stay ahead of their rivals in a fiercely competitive industry. Around the world, telcos using Oracle's Siebel CRM solution are able to upsell a lot of their next-generation offerings by creating innovative bundled offers and configuring their orders more efficiently. This has improved customer loyalty and average revenue per user (ARPU). Oracle executives cited examples like Deutsche Telecom (DT) which wanted to streamline front-office processes across many of the countries where DT operates. Underpinning this goal is Oracle Siebel CRM, which was designed to give DT a 360-degree view of its large installed base of customers. All of DT's staff across Europe is now equipped with real-time information that will provide improved insight into customer demands. This allows solutions to be customized for clients. It was part of these efforts to improve nonconnectivity revenue by offering converged and other ICT services in a bundled format to DT's installed base of customers.

Another example cited by Oracle is Vodafone, which operates directly in 20 countries where it has 100% ownership. The biggest driver for Vodafone at that time was the time to market for newer complex products and services as well as stay competitive against their rival companies. Vodafone approached this transformational project to figure out a way as to how it can streamline all its processes and extend its CRM across multiple countries. Vodafone's legacy systems did not allow it to achieve its objectives and were hindering its ability to transform. Vodafone implemented Oracle's Siebel CRM, which gave it the capability to implement and configure products quicker and bring them closer to the market faster.

Oracle's Role in a Fast-Changing Telecommunications Industry

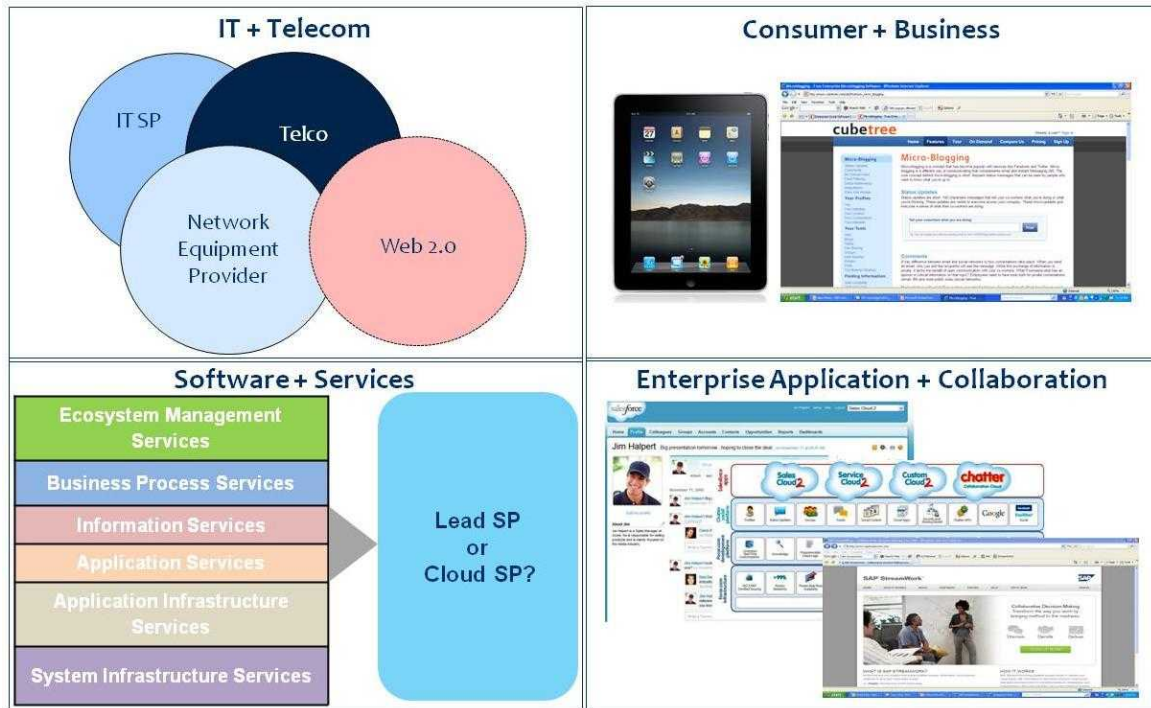
Oracle's list of global telecom clients is really a testimony to success in this tough and complex vertical. If there is one thing that the ICT history has taught us is that past success is never a carte blanche to future accomplishments. How Oracle will stay and even race ahead of the competition, especially in Asia, will largely depend on how it can articulate a vision that can help its customers work through the many changes and challenges that are spreading through the industry. This is an industry that is rapidly changing and many telcos are finding cold comfort in the knowledge that some of their traditional business are fast fading and even facing imminent death (e.g., PSTN) but yet they are entering an unprecedented age of the cloud. Cloud has long been described by IDC as a once in a generational technology that could allow telcos to dominate the ICT industry if well executed. Each individual telecom provider in the region will have their unique set of problems and pain points, and Oracle's challenge is not only to understand them better than their competitors but be capable of devising solutions that will not only take that pain away but allow it to painlessly realize the potential of cloud and other next-generation technologies come to full fruition.

The telecom industry in the region is at a painful crossroads. A conversation with an Oracle executive at the event showed a team that was not lacking in substantive ideas but very much in tuned with some of the mega ICT trends and challenges that Asian SPs are facing today (see Figure 1). More importantly, they understand the radical and courageous transformation needed in many telecom providers. Faced with a relentless pressure on earnings before interest, tax, and amortization (EBITA) because of declining margins in both their traditional fixed and mobile businesses, telcos in the region are fixated more than ever about the speed of bringing new services and products into the marketplace. Asian telcos are looking into bundling deeper and richer ICT services to their business clients and multimedia quadruple-play services for their consumer clientele. In an industry where time to market of new products could be the difference between resounding success and crashing failure, the OSS/BSS becomes a fundamental and critical part of this. Telcos are constantly looking and wanting to be equipped with intelligence about their customers to be able to provide the right optimal bundled service or solution but also implement and deploy those in the fastest possible manner. Telcos are more than ever focused on looking for new business opportunities, improving overall customer experience, and most importantly, keeping cost down. They will remain focused on these key objectives and execute their business strategies and technologies to not only survive but also thrive in the new normal of the telecom industry. The transformation of its OSS/BSS systems will be front and center of this strategy, as it keeps customer satisfaction healthy and casts a watchful eye on margins. It leads to better governance and operational management and this will lay the groundwork for future success and ensure the staying power and relevancy of many of these telcos in the ICT world.

Oracle clearly understands its telecom customer better than most if not all of its peers given its breadth of solutions and roadmap of products. The examples previously discussed, namely Vodafone and DT, are just two out of hundreds of telcos that Oracle has worked with across the world. Perhaps one of the most interesting case studies showcased at Oracle OpenWorld was with TM which is discussed in the following section.

FIGURE 1

Telecom Industry Big 4 Mega Trends



Source; IDC, 2010

Case Study: Telekom Malaysia

Background

Telekom Malaysia (TM) is the leading telecommunications company in Malaysia with revenues of approximately RM17.8 billion in 2007. In 2008, TM was compelled to demerge its mobile division and operate as two separate entities. The mobile division, arguably the faster-growing segment, was renamed Axiata, had almost 130 million subscribers across the region and was growing rapidly. By 2008, TM was focused on the domestic fixed-line market and had 4.4 million PSTN subscribers and 1.6 million broadband subscribers. Its revenue in 2009 was estimated at RM8.6 billion. Like many fixed-line incumbents across the region, TM was facing many challenges that were not unique including fixed-mobile substitution, competition from mobile broadband as well as from lower priced IP technologies. In September 2008, TM and the Malaysian government signed an agreement to roll out high-speed broadband including fiber across the country in 10 years at an estimated cost of RM15.2 billion. Both parties shared the belief that with the introduction of high-speed broadband services throughout the country, Malaysia could create new economic opportunities for its citizens and improve its competitiveness on the global stage. The rollout of high-speed broadband infrastructure would be crucial in delivering triple-play services (voice over broadband, IPTV, and high-speed Internet) to households across Malaysia.

The Challenge that Lies Ahead

TM turned to Oracle and Accenture to help implement a nationwide high-speed broadband network and upgrade the company's IT infrastructure to address the demands of the 21st-century customer. The first objective was to ensure that it had a platform that would enable its frontline staff to deliver a positive and improved customer experience. This would include a single point of contact, a self-service portal for both customers and resellers, and the ability to deliver service with a single truck roll.

Next, the NOVA project was launched. This was designed essentially to migrate growth products to new platforms (e.g., IP VPN and metro Ethernet) and new next-generation infrastructure products being launched from high-speed broadband will be supported from this new platform as well. One of the guiding principles was that TM wanted to take a completely greenfield and out-of-the-box approach with little or no customization on applications. The latter was emphasized as TM believed excessive customization usually leads to delays and issues that will prolong and delay the entire implementation. Overall, less than 20% of applications were customized. TM will be working on a multireleased format with a single integrator. Accenture was a principal partner and lead systems integrator (SI) in delivering this end-to-end fully integrated suite of BSS/OSS capabilities. The solutions used include Oracle Siebel CRM, Oracle Fusion Middleware, Oracle Communications Billing and Revenue Management, Oracle Communications ASAP (activation platform of consumer-oriented services), Oracle Communications Order Service Management, and Oracle Communications Service Delivery Platform.

Benefits of Working with Oracle

By the end of 2010, approximately two-thirds of the NOVA project has been implemented with some significant and impressive results. Support system for fiber to the home (FTTH) and/or very-high-bit-rate digital subscriber line (VDSL) was launched in less than 8 months, the time to configure new packages were reduced from three weeks to one week, and automated network activation was almost 98%. Oracle's integrated application suite enables TM to support multiple business models, including wholesale, enterprise, and retail, and bundle more services and launch them faster. The provider has established a stable platform for high-speed broadband deployment and service delivery

Other notable benefits for Unifi, TM's triple-play product, after implementation include a 57% improvement in time required to install a new order and this was accompanied by a 138% increase in the number of appointments booked each day. Unifi reseller portal has also been a resounding success with more than 63% of all its orders coming from the portal. Between September and November 2010, orders per day through resellers have surged more than 258% and the average order per reseller is up 83% per day. The results for its metro Ethernet service after implementation were equally impressive. Time to install new metro Ethernet services fell by almost 30% between September and November 2010. More impressive is the time to restore troubled services tumbled 95%, from 19 days to a single day.

The stream of data that points to improved productivity, downtime, and revenue performance of Project NOVA is not only impressive overall but also somewhat dramatic in some cases. Undertaking a large transformative project is never the easiest thing to embark on and in most experiences, it is usually fraught with setbacks, challenges, and unforeseen costs. Perhaps the greatest testimony that TM gave to its entire working experience with Oracle came from Suharti Mohd Ali, project director of NOVA, who stated that for the first time in her entire career, she has never missed a single deadline or milestone. This perhaps makes the whole experience far more seamless, less grueling, and worth the effort than it otherwise would have been.

FUTURE OUTLOOK

Challenges and Opportunities

Challenges

Playing seriously in the Asia/Pacific region is challenging for any BSS/OSS supplier. For Oracle to win and show continued commitment from the region, it must address both developed and emerging markets and help customers with a wide variety of regulatory considerations. In particular, the competition from the network infrastructure side is tough and intensifying, and Oracle will need to bring its full portfolio experience to deals.

Opportunities

Oracle brings the kind of broad portfolio that can make transformation easier for its customers. Customers in Asia/Pacific as in other regions of the world are interested in leveraging the best practices from other industries while still getting the needed communications industry modifications. In striving to improve customer experience, communications customers are often prioritizing better integration among systems, where a broad portfolio like Oracle's can be especially appropriate.

ESSENTIAL GUIDANCE

Advice for Oracle

Oracle has a very solid and distinguished history in the telecommunications industry and its experience with working with all the leading telecommunications SPs around the world gives Oracle the experience, relationships, and insights that are critical for success in this industry.

There are several areas where Oracle should develop further to stay ahead of its competitors. While Oracle relies heavily on channel partners to deliver its solutions, IDC believes that Oracle should continue to expand its professional services arm, Oracle Communications Consulting. By having strong professional services delivery capability, Oracle establishes closer relationships with its customers and better ensures the success of its projects. The scale and scope of many telco transformation projects usually require best-in-class professional services skills as well and any vendor that has those capabilities will have a distinct advantage. It will not only allow Oracle to deliver the outcomes that telcos desired but also enables it to work closer with telcos and understand their problems and challenges much better, which will only give rise to further opportunities down the road.

Lastly, one of IDC Asia/Pacific telecom predictions for 2011 is that telcos are ready to move some of their OSS/BSS into the cloud as part of their struggle for cash and capex efficiency. This would include "cloudifying" service management as well as testing applications. While IDC does not expect this to be mainstream in 2011, the expectation is that progressive telcos in the region and globally will start examining the merits of a cloud model for their operations if they have not already done so. The opportunity for Oracle is to help enable its telco clients to move their OSS/BSS operations into the cloud.

Over the last couple of years, there have been tremendous consolidation and emergence of mega ICT vendors in the ICT industry. In the telecommunications vertical, vendors with a broad portfolio of skills and solutions will thrive and there will be very few IT power brokers that can tackle the immense complexity that telcos faced. Oracle is one of the select few that IDC believes will be well positioned to benefit.

LEARN MORE

Related Research

- ☒ *Worldwide OSS and Billing 2010–2015 Forecast and 2009 Vendor Shares*, (IDC #226284, December 2010)
- ☒ *Worldwide Service Delivery Platform 2010–2015 Forecast and 2009 Vendor Shares*,(IDC #226241, December 2010)
- ☒ *Communications Service Provider IT Software Spending Survey, 2010*, (IDC #223913, June 2010)

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