Oracle showcases its telecoms network knowhow

OVUM VIEW

Summary

Oracle OpenWorld 2013 provided the platform for Oracle Communications to give details on how its two acquisitions so far this year would contribute to its Digital Lifestyle vision. Oracle impressed Ovum with the extent of integration already attained and its plans to further extend its IT knowhow into telcos’ networks.

Two acquisitions support the digital lifestyle vision

Oracle Communications’ portfolio is focused on achieving a vision it unveiled back in 2011, known as the Connected Digital Lifestyle. An enabler for this is the “thinking” or intelligent network, which is autonomous and elastic, self-aware, self-organizing, and self-optimizing, and creates what Oracle calls a “truly one-to-one relationship with the subscriber.” In 2013, Oracle acquired two companies that support that vision.

In February, Oracle first announced its intention to spend $1.7bn on Acme Packet for its session border control technology. Then, in March, it announced its intention to purchase Tekelec, which provides network signaling, policy control, and subscriber data management solutions. No value was attached to that announcement, as Tekelec became a private company 12 months previously, but at the time of privatization, Tekelec was valued at around $780 million.

In terms of how the two companies play into the digital lifestyle vision, Acme Packet is known for its hardware and software for managing IP voice and video transmission. Tekelec brings the SS7 and radius signaling and, more importantly for 3G mobile data and IP-based networks, the diameter signaling and policy & charging rules function (PCRF). As LTE networks are rolled out, the level of diameter signaling will increase; diameter signaling is important for authorization, authentication, policy, charging, and secure mobile access and transactions with partners, including over-the-top players.
The companies officially became part of Oracle in June and August respectively, so there are still many issues to iron out. However, in a session with telecoms industry analysts, Bhaskar Gorti, senior vice president and general manager of Oracle Communications, said that there were some areas of obvious integration and cooperation, and the three announcements made at OpenWorld by CGBU marked the first joint go-to-market deliverables.

**Three announcements, integration proven, and focus on consulting services**

Oracle Communications made three key announcements. The first announcement was for Oracle Communications WebRTC Session Controller (WSC), the first post-acquisition product based on integrated “Oracle classic” and “Acme Packet” products. WebRTC (Real-Time Communications) is an emerging Internet standard for browser-to-browser connectivity for voice calls, video, chat, or file sharing. Oracle’s WSC is aimed at carrier/enterprise-class WebRTC rather than best-effort, thus providing the security and management features that telcos expect.

Second, as a direct play in its digital lifestyle vision, Oracle Communications announced Oracle Billing and Revenue Management Cloud Service. This is pitched as a robust and scalable means of capturing recurring revenues from digital services. In addition to telcos, Oracle Communications plans to offer the service to enterprises outside the telecoms vertical, including financial services and media (around 25% of Oracle Communications’ revenues comes from non-telco sources). It will offer subscription management and personalization of offers based on the device type, customer usage patterns, and delivery method.

The third announcement fitted nicely with the release of its TM Forum SID-certified Data Model, Oracle Communications Data Model 11.3.2. Based on the Oracle Exadata Intelligence Warehouse Solution, it has two related analytics applications: Oracle Communications Billing Analytics and Oracle Communications Social Network Analytics. Both are important for the digital lifestyle, as they can help telcos address the opportunities and challenges for the operating model posed by social media communities and channels. The applications move a step closer to the 360-degree customer view by helping to identify social communities, and the role that an individual customer plays in those communities. The granular level of insight provided will make it easier to predict churn more accurately, particularly among the more fickle demographic drawn to social media.

Aside from the key announcements, there were two further points of note. Oracle announced the integration of Tekelec’s policy charging and rules function (PCRF) with its charging products. The offer will provide the connection of realtime policy and charging that is essential for moving beyond just optimization to more directly monetizing personalized services. The Oracle Communications Consulting Group also got some airtime. The consulting operation is approximately 1,100 strong and includes the Tekelec and Acme services organizations. Oracle remains a product company committed to its systems integrator partners (Accenture is the largest and most prevalent in its telco case studies, but Wipro and Infosys are also featured), but it will "stand up its own stack” and will prime contracts to install its own stack.
Watch this space

This year, Oracle Communications certainly had a deeper network flavor than previously. The communications vertical is one of the two largest verticals for Oracle (the other is financial services), and the 2013 acquisitions have seen Oracle Communications triple in size (in terms of employees). Clearly there will be integration issues as the three companies stabilize, but the company is intent on swiftly driving forward the benefit these acquisitions promise, rather than remaining distracted by integration issues for too long, not least because that twinkle in Gorti’s eye means we can expect to see another strategic acquisition by Oracle Communications within the next six months.

APPENDIX

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Further reading

Oracle’s pending acquisition of Acme Packet would get it closer to the communications network, TE007-000661 (March 2013)
The Oracle juggernaut keeps rolling, picks up Tekelec, TE008-001310 (April 2013)

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