Magic Quadrant for Integrated Revenue and Customer Management for CSPs

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We rate solution suites that provide billing, customer care, rating, charging, pricing, partner relationship management, policy management, mediation, self-service, analytics and others. Target buyers are communications service providers.

What You Need to Know

This Magic Quadrant updates and replaces "Dataquest Insight: Business Support System Market Overview and Strategic Scorecard for Vendors, 2009," which compared mainly postpaid billing vendors.

We decided to reposition the Scorecard because over the past years, the business support system (BSS) market has matured mainly as a result of a number of large mergers and acquisitions. At the same time, there are numerous small to midsize vendors that claim to have more efficient and specialized technologies than the industry heavyweights. Moving this report over to a Magic Quadrant allows us a better view of how the numerous players are positioned in this important market.

Many previously independent solutions such as billing, charging, mediation and policy management are now part of more comprehensive suites. We no longer refer to these solutions separately, but subsume them under the term integrated revenue and customer management (IRCM). The market will continue to evolve and the previous categories of billing and charging will no longer be applicable in the future.

Key Findings

- The IRCM solutions portfolios across all vendors scored in this Magic Quadrant look relatively similar. This shows an increasing product commoditization.
- There are major differences when it comes to innovation and working with solutions and services partners.
  - Some vendors prefer to provide the entire suite plus services on their own. Others have elaborate OEM and services partner ecosystems in place.
Midsize vendors in particular are testing the waters with regards to where to invest their R&D dollars. This also reflects their competitive positioning and overall sales strategy.

There is more emphasis on standards-based architectures and the modularization of solution suites based on service-oriented architecture (SOA) principles. Communications service providers (CSPs) are increasingly demanding such architectures and are no longer willing to tolerate high customization costs.

Some vendors successfully expanded their client base beyond communications, such as in utilities, finance, content/media and other verticals.

The survival of many IRCM vendors still looks doubtful. Many of the vendors featured in this Magic Quadrant only show modest organic growth. This leaves the door open to more mergers and acquisitions in the near future.

**Recommendations**

**CSPs should:**

- Demand proof that the software is truly productized and requires minimum customization.
- Request commitment to an open standards-based architecture and support of flexible business processes and new service attributes.
- Evaluate software vendors on their ability to take ownership of a project rather than just supplying the software.
- Request proof that the software vendor works well with the professional services firms of the CSP’s choice, and that the vendor can transfer knowledge to the CSP’s IT department as required.
- Consider alternative delivery models such as software as a service (SaaS) and outsourcing.

**IRCM vendors should:**

- Ease the migration from an old version of their software to the latest version. CSPs want to see evidence that it’s worth retaining a vendor, rather than switching to another one.
- Be more responsive when it comes to support and maintenance. This is one of the most common gripes CSPs have with their vendors.
- Offer CSPs integration services to consolidate billing, CRM and customer care, mediation and entrenched legacy systems, among others.
- Continue investing in R&D to advance the software and establish strong partnerships with leading system integrators (SIs) in geographic regions where they lack a strong footprint.
- Consider offering outsourcing, SaaS and hosted services alongside traditional licensing models.
- Develop more innovative distribution channel strategies to address industries other than communications and improve the success rate.
■ Demonstrate tangible cost and time saving for the CSP in a multivendor, multitechnology environment.

## Magic Quadrant

**Figure 1. Magic Quadrant for Integrated Revenue and Customer Management for CSPs**

![Magic Quadrant Diagram]

Source: Gartner (November 2011)

## Market Overview

IRCM combines skill sets from multiple CSP departments. Owners of IRCM functions used to reside in different departments or business units. Networking was in charge of prepaid, IT owned postpaid, customer care owned CRM, self-service and campaign management, and so on. These divisions still exist, but IRCM unites them in a single solution and process that simplifies and expedites the order-to-cash process.

The IRCM market differs from other software markets. Its peculiarity accounts for the survival of many small and midsize suppliers. Software functionality is high on the priority list for vendor selection, but the software alone doesn't make or break projects. Equally important is a vendor's...
ability to take ownership of a project from initial consulting to integration, ongoing maintenance and upgrades.

In many cases, the price of the software amounts to only 20% or less of the overall cost of implementing, integrating and supporting a system. Hence, many large IRCM vendors have set up strong professional services divisions. In fact, software suites are often intended to drive sales of services.

Most IRCM vendors offer comprehensive solution suites and some have been branching out into CRM, analytics, reporting, operations support systems (OSSs) and related functionality.

Large CSPs still generally source their core IRCM solutions from a handful of independent software vendors (ISVs), such as the ones featured in this Magic Quadrant. But for small and midsize CSPs, and for large ones looking for adjunct solutions, there remain dozens of suppliers.

At the same time, CSPs are becoming increasingly uneasy about spending large sums on customization. Demand for genuine off-the-shelf solutions built on an SOA is increasing, as CSPs are re-evaluating opportunities to monetize new services and reduce costs. CSPs no longer consider it acceptable practice to spend upward of 90% on customization and integration and less than 10% on software licenses.

During the past two years, a number of network equipment providers (NEPs) have expanded their footprint in this market. Starting with intelligent network (IN)-based charging, they have expanded into postpaid billing and customer management through acquisitions (Ericsson), partnerships (Alcatel-Lucent, Nokia Siemens Networks) or software developed in-house (Huawei, ZTE).

**Market Size and Share**

Overall, we expect the worldwide IRCM market to grow from around $13.9 billion in 2010 to $16.4 billion in 2015. The market is concentrated at the top and fragmented at the bottom, with the top 10 vendors accounting for $8.3 billion of total software, services and outsourcing revenues in 2010, the next 10 for $3.2 billion and the following 10 for $1.5 billion. For details, see "Forecast Analysis: Telecom Operations Management Systems (BSS, OSS and SDP), Worldwide, 2007-2015, 3Q11 Update" and "Market Share: Telecom Operations Management Systems (BSS, OSS and SDP), Worldwide, 2009-2010." (Note: IRCM as defined here is somewhat more comprehensive than is captured by Gartner's current statistics. Our statistical data will be adjusted as the market evolves.)

The recent recession magnified the challenges facing the IRCM market. The survival of many BSS suppliers continues to look as doubtful as it did two years ago. Only a few vendors demonstrated high organic growth, which leaves the door open for more mergers and acquisitions in the near future. Unprofitable or slow-growing companies will face increasing pressure from investors either to be sold to more established companies or to make acquisitions in order to turn their fortunes around.
Market Drivers

CSPs with multiple lines of business and payment models are likely to adopt IRCM when their existing prepaid and postpaid billing platforms reach their end of life. This could relate to the ability to bill and charge for content, scalability issues or high support and maintenance costs. Such transformation projects tend to be resource-intensive and risky. CSPs tend to drag their feet, but they will have to embark on such projects sooner or later.

Other market drivers include the following:

- Industry consolidation through mergers and acquisitions among CSPs and the convergence of fixed and mobile lines of business, which are likely to drive the consolidation of multiple billing and charging platforms.
- The increasing use of, and revenue from, new services and business models, which requires new and adaptable payment methods. This development includes, among other things, partner settlement, dynamic pricing, new players (such as machine-to-machine [M2M] and smart grid companies) and cloud services.
- The proliferation of devices, which requires a single representation and view of the customer.
- The saturation of the market for mobile voice telephony in some markets, which leads to renewed focus on customer retention. Analytics and business intelligence will be important tools.
- The requirement for a more agile service delivery infrastructure, which allows for flexible charging for new content, often encompassing third-party collaboration.

Market Definition/Description

The Gartner Magic Quadrant concept is based on a customer-oriented market analysis (see "Modern Technology Markets Defined"). Consistent with the approach espoused by business author Geoffrey Moore, a market is "a set of actual or potential customers, for a given set of products or services, who have a common set of needs or wants, and who reference each other when making a buying decision."

Accordingly, the IRCM market is composed of CSPs looking for commercial off-the-shelf software packages that address business-critical revenue and customer management business processes.

IRCM meets all transaction-charging processing requirements, regardless of product, service, delivery network, customer type or payment method for a particular CSP. It includes a set of integrated customer and network-facing solutions, supporting customer acquisition, retention and monetization functions.

The IRCM functional footprint extends into two areas (detailed below). Core functionality is mainly related to traditional billing, charging and customer-care features. They are a must-have for any IRCM suite and are usually provided in-house. Adjunct functionality comes from other CSPs’
departments and is nice-to-have but not essential. These functions can be provided in-house or through partners.

- Core functionality:
  - Balance management.
  - Billing and account management.
  - Customer self-care.
  - Dynamic discounting.
  - Multichannel support.
  - Partner relationship management.
  - Policy management (policy and charging rules function [PCRF]).
  - Product catalog.
  - Real time rating or charging.

- Adjunct functionality:
  - Analytics and reporting.
  - Customer/service product life cycle management.
  - Electronic bill presentment and payment (EBPP).
  - Interconnect billing.
  - Mediation.

Inclusion and Exclusion Criteria

Worldwide, there are more than 200 vendors that address CSPs through a variety of products and solutions. Most of these vendors are small in terms of revenue, provide only point solutions, or have a small geographic footprint. For these reasons, we evaluated only vendors with a combined license and service revenue of over $300 million in 2010 and added a number of emerging companies for which we see high interest from CSPs.

Our criteria for inclusion and exclusion in this Magic Quadrant were as follows:

- Inclusions:
  - ISVs — only software publishers are included. NEPs that have their own BSS product portfolios are included in this category as well.
  - Functionality — the software suite has to provide the full range of core customer and revenue management functions.
  - Solutions scope — the solution has to address multinetwork requirements.
- Geographic reach — vendors must be present in more than a single region.

- Exclusions:
  - SIs that do not have their own software suite are excluded.
  - Solutions scope — solutions that address only cable providers or ISPs are excluded.
  - Geographic reach — vendors that are present in a single country only are excluded.

Added
Not applicable. This is a new Magic Quadrant.

Dropped
Not applicable. This is a new Magic Quadrant.

Evaluation Criteria

Ability to Execute
This axis evaluates IRCM vendors on the quality and efficiency of the processes, systems, methods or procedures that enable their performance to be competitive, efficient and effective, and to positively affect revenue, retention and reputation. For CSPs seeking IRCM solutions, a vendor’s ability to execute is primarily a combination of factors driven by product functionality, architecture and performance, and by the ability to meet customer expectations during product delivery and operation. Solutions providers are judged on their ability and success in capitalizing on their vision. Our evaluation of a vendor’s ability to execute is based on the following criteria:

- **Product/service:** The breadth and availability of the vendor’s products that compete in and serve the IRCM market. This includes platforms, scalability, specific functionality as outlined above, product integration and delivery models.

- **Sales execution/pricing:** The number and quality of contract wins during the past two years and the availability of different pricing models.

- **Market responsiveness and track record:** The ability and responsiveness in meeting changing client demands.

- **Marketing execution:** The ability to capture mind share of clients and prospects through targeted activities.

- **Customer experience:** The ability to capture customer feedback and respond to it.

- **Operations:** Structure that is put in place to effectively meet organizational goals and commitments.
Table 1 lists the relative weighting of the various criteria in terms of a vendor’s ability to execute in this market.

### Table 1. Ability to Execute Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product/Service</td>
<td>high</td>
</tr>
<tr>
<td>Overall Viability (Business Unit, Financial, Strategy, Organization)</td>
<td>no rating</td>
</tr>
<tr>
<td>Sales Execution/Pricing</td>
<td>standard</td>
</tr>
<tr>
<td>Market Responsiveness and Track Record</td>
<td>high</td>
</tr>
<tr>
<td>Marketing Execution</td>
<td>standard</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>high</td>
</tr>
<tr>
<td>Operations</td>
<td>standard</td>
</tr>
</tbody>
</table>

Source: Gartner (November 2011)

### Completeness Of Vision

This axis evaluates IRCM vendors on their ability to convincingly communicate their current and future market direction, innovation, customer needs, and competitive forces, and on how well those statements map to Gartner research positions. IRCM application providers are rated on their understanding of how they can address market forces to meet and anticipate customer demands. For CSPs seeking IRCM solutions, vendors’ completeness of vision is primarily a combination of vendor domain expertise, an appropriate go-to-market strategy, and a focus on innovation in product functionality and enabling technology. Geographic footprint and the ability to cater to industries outside the CSP vertical also play a role although they rank as less important.

- **Marketing strategy**: Ability to articulate market direction and aligned product and service offerings with market requirements.
- **Sales strategy**: A vendor’s ability to work with customers and prospects through its sales force and sales tools.
- **Offering (product) strategy**: A vendor’s ability to anticipate market and customer demand and the competitive differentiators related to it.
- **Vertical/industry strategy**: Ability to provide IRCM solutions to industries outside the CSP vertical such as financial services, utilities and others.
- **Innovation**: Ability to discern and define emerging market needs and invest adequate resources to translate them into solution features and services capabilities.
- **Geographic strategy**: Ability to provide products and services globally.
Table 2 lists the relative weighting of the various criteria with regard to the completeness of a vendor's vision in this market.

### Table 2. Completeness of Vision Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Understanding</td>
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<tr>
<td>Marketing Strategy</td>
<td>high</td>
</tr>
<tr>
<td>Sales Strategy</td>
<td>high</td>
</tr>
<tr>
<td>Offering (Product) Strategy</td>
<td>high</td>
</tr>
<tr>
<td>Business Model</td>
<td>no rating</td>
</tr>
<tr>
<td>Vertical/Industry Strategy</td>
<td>low</td>
</tr>
<tr>
<td>Innovation</td>
<td>high</td>
</tr>
<tr>
<td>Geographic Strategy</td>
<td>standard</td>
</tr>
</tbody>
</table>

Source: Gartner (November 2011)

**Leaders**

Leaders are vendors that would normally be included in shortlists for IRCM solutions for large and midsize CSPs worldwide. They perform profitably, grow their revenue and have a presence in all major markets. Their functionality is above average, and their technology and scalability are leading edge.

Leaders also engage in innovative projects and activities, carefully listening to their customer base. They are also engaged in understanding the underlying and emerging patterns/trends in revenue and customer management activities, and direct their R&D resources and investments accordingly.

**Challengers**

Challengers perform well in their selected markets or industries. Although they have high capability and performance (in terms of sales and growth), they may not be targeting all segments or geographies of the IRCM market, or they may have a more limited vision of their functionality or technology. Clients with a conservative approach to business will find lower-risk options in this sector.

Challengers can invest in innovative projects driven by their R&D activities. A proactive approach to R&D and innovation in IRCM can move challengers into the Leaders quadrant.
Visionaries

Visionaries have unique functional or technical IRCM-related capabilities and offerings, but also have constrained capabilities in geographic or financial terms. They are characterized by their ability to anticipate market transformation, such as increased analytical functionality or integration, and by their optimization of commodity and service management business processes. Clients that have a tolerance for risk and that are seeking a differentiating product should consider vendors in the Visionaries quadrant.

An increased focus on their IRCM technology and solution delivery can move Visionaries into the Challengers or Leaders quadrant, dependent on how companies accept the new technology or if the Visionaries can also develop partnerships that complement their strengths.

Niche Players

Niche Players in this market are still worthy of consideration. Given the fragmentation of the market, potential buyers should consider that any listing on this Magic Quadrant is a good indication of vendor/product credibility. Nevertheless, vendors in the Niche Players quadrant are situated there because of a geographical shortfall, narrow focus (they may provide only a limited subset of IRCM core and adjacent functionality) or lack of financial strength (that is, they have not achieved financial viability compared with the Leaders), or they have not come as far as the Leaders in advancing their technologies or functionality. This prevents them from being universally suitable to all customers.

Some vendors that would previously have been in the Challengers or Leaders quadrants are now in the Niche Players quadrant. These vendors recently redesigned their solution suites to better address the requirements of their clients. So far, migration from the "old" solutions to the new ones has lagged behind expectations, as has the number of new implementations.

Vendor Strengths and Cautions

Alcatel-Lucent

Alcatel-Lucent (ALU) is a network equipment provider with total revenue of over $20 billion in 2010. Its IRCM revenue amounts to over $400 million according to Gartner estimates, of which around one quarter comes from software licenses and the rest from professional services. Organizationally, ALU’s IRCM portfolio is jointly owned by its Software, Solutions and Services Group (S3G) and its Network Group.

The company’s IRCM portfolio consists of subscriber data management (SDM), real-time convergent charging, end-to-end convergent charging and billing (with an OEM partner for billing), mobile wallet, loyalty management (through an OEM), usage control, dynamic pricing for yield management, optimized downloading in mobile networks (mobile smart load), PCRF, network-based analytics, customer profiling and scoring, contact center, device management, and application enablement.

As part of IRCM, ALU will launch a set of advanced analytics, policy-based charging and experience management solutions which enable CSPs to enhance profitability through improved management
of network resources and customer experience touchpoints. ALU's IRCM portfolio is also connected to its Customer Experience Transformation (CXT) strategic initiative, which consists of three elements: customer management, customer analytics and experience optimization.

**Strengths**

- **Product portfolio** — Well-rounded, SOA-driven portfolio, addressing most items on the core and adjunct functionality roster. Has partnerships to fill in the gaps in billing (Convergys), CRM (Amdocs, Microsoft), analytics (Business Logic Systems, IBM) and interconnect (Subex).
- Global presence and experienced staff that can be leveraged from across various business units.
- Strong feedback mechanism to monitor and measure customer feedback, supported by the company's Bell Labs research organization.

**Cautions**

- Outsourcing and managed services capabilities for IRCM lag behind the competition.
- Limited SI partnerships. ALU is currently in discussion with SIs for formal certification.
- Messaging around IRCM is still under consolidation to date.

**Amdocs**

Amdocs is a large provider of communication operations and management solutions and services, with revenue of about $3 billion in 2010, of which Gartner estimates about $1.9 billion is related to IRCM. Amdocs recently acquired Bridgewater Systems, thus strengthening its charging and policy management capabilities. Over the past 10 years, Amdocs has acquired other IRCM-related companies, such as XACCT Technologies, Clarify and Cramer. Of the total IRCM-related revenue, about 5% comes from licenses, 77% from professional services and about 18% from data processing and hosting activities, according to Gartner. Amdocs' IRCM solution portfolio consists mainly of components of the customer management and revenue management products, such as: Customer Interaction Manager; Support; Billing Manager; Multi-Channel Selling Solution (including retail and e-commerce); Enterprise Product Catalog; CRM; and providing capabilities such as ordering, e-billing, converged charging, billing, PRM and mediation. Amdocs provides the full range of core and adjacent IRCM capabilities, with the exception of analytics and reporting, for which it partners with SAS, Unica and ClickFox.

**Strengths**

- Product portfolio — Comprehensive and extensive IRCM solution that is SOA compliant, with an information model that follows TM Forum's Information Framework (SID) specifications.
Due to its focus in the communication industry, Amdocs has built a workforce that is very knowledgeable of the industry. This specific and focused knowledge has positively reflected in the IRCM set of components.

Marketing strategy is very comprehensive and the IRCM solution is contextualized to address a broad range of CSP needs (such as the changing nature of prepaid, understanding the dynamics driving convergence, and understanding the retail customer experience and multichannel selling).

Has undertaken a number of innovation projects and initiatives related to IRCM functionality. Has also made a number of investments aimed at understanding what communication customers need today and what they may need in the future by following and responding to market trends.

Cautions

- Limited number of SI partners and mostly delivers the solutions on its own. Lack of local expertise and SI partners makes it difficult to address nuances in local markets and specific geographies. As a result, most implementations are done by Amdocs. The localizations for specific customer instances are often extensive and costly.

- It remains to be seen whether recent acquisitions, such as of Bridgewater Systems, will provide additional value for CSPs through seamless integration.

Comverse

Comverse was among the first vendors to offer a single-system approach to BSS convergence. IRCM revenue amounted to about $400 million in 2010 according to Gartner estimates, of which approximately one half came from licenses and the other half from professional services.

To deliver convergence, Comverse completely redesigned its BSS suite after acquiring Kenan and Netonomy. The Comverse ONE Billing and Active Customer Management solution is built as a single code base around one data model and one product catalog, and handles all aspects of convergence — network, service and payment. Comverse ONE covers the following areas: active customer management (including self-service, service fulfillment, customer management, and sales and marketing); real-time rating and promotions; billing and financials; mediation, roaming and settlements; and policy management and enforcement.

The company offers various entry points to purchasing the solution, depending on a CSP’s needs, as well as a migration path toward adding additional modules should the CSP wish to do so. While Comverse aims to migrate all current clients to Comverse ONE over time, it continues to support Comverse Kenan FX and Comverse Real-Time Billing. To meet the different needs of different customers, Comverse now offers a full upgrade to Comverse ONE as well as a productized integration between Comverse ONE and Kenan to add real-time capabilities to the postpaid ecosystem.
Strengths

- Product portfolio — Comprehensive portfolio built on SOA and TM Forum's SID principles.
- Visionary offering and road map. Supports multiple paths to convergence that provides for incremental expansion of the product portfolio, including additional CRM functions, policy management and enforcement.
- Strong SI relationships with Accenture, IBM, Capgemini, Tata Consultancy Services (TCS) and Wipro with numerous joint implementations.

Cautions

- Timeliness and quality of the Comverse support organization occasionally fails to meet client expectations. Earlier this year, the company created a dedicated business unit focused on maintenance and managed services, which has demonstrated increased focus and results.
- Migration from the Kenan product has been slower than anticipated.
- Until recently, uncertainty about the company’s finances had led some clients to table planned migrations or upgrades. The company has recently been re-listed on the Nasdaq and has a strong cash position.

Convergys

Convergys is a provider of relationship management solutions with total revenue of about $2.2 billion in 2010. Its Information Management division provides IRCM solutions and accounts for revenue of about $340 million (Gartner estimates). The other division is its Customer Management group (contact-center-related services).

About 74% of its IRCM revenue comes from professional services, 19% from data processing and hosting, and about 7% from the sale of software licenses, according to Gartner. Convergys' IRCM solution portfolio consists of the Convergys Smart Revenue Solutions suite. It provides all of the core IRCM capabilities and many of the adjunct functionality with the exception of interconnect (partial), and EBPP (via partnership with PBBI’s product, Doc1) and mediation (via partnership with DigitalRoute). Additional modules include: collections management, service fulfillment and activation, inventory management, ICOMS cable solution, a shopping and ordering solution, and dynamic decisioning.

Strengths

- Product portfolio — Overall comprehensive IRCM solution and components, with SOA-compliant architecture, based on the adoption and implementation of the SID model, and other TM Forum specifications.
- Positive marketing strategy driven by and focused on clients' needs.
As a spin-off of Cincinnati Bell, with subsequent acquisition of other companies, Convergys has a broad understanding of the communications industry, reflecting positively on its IRCM solution.

Cautions

- Although the Smart Revenue Solutions suite has an installed base in 45 countries, it is not clear to what extent the company utilizes resources from its other division in the different countries for IRCM-related opportunities.
- Limited customer base outside of the communications, media and cable TV/satellite industries. Customers from industries outside these sectors may hesitate to adopt Convergys IRCM solutions due to limited industry-specific expertise.
- Limited SI partnerships. Convergys is currently formalizing and ramping up its SI training program.

CSG International

CSG International is a provider of business support solutions and services. In December 2010, CSG Systems acquired Intec Telecom Systems, thus strengthening its billing and mediation capabilities. In 2010, the combined revenue of both companies was around $800 million, of which Gartner estimates over $466 million was IRCM-related. Of the combined entities' IRCM-related revenue, 42% comes from professional services, 49% from data processing and outsourcing, and 9% is related to software licenses, according to Gartner.

Renaming itself to CSG International, its IRCM solution portfolio consists of: the ACP application suite (customer interaction and billing management); the Customer Interaction Solutions suite for its North American cable and direct broadcast satellite clients; and the recently acquired Intec solutions — Singleview, Total Service Mediation and the Wholesale Business Management Suite. CSG International provides the core and adjacent IRCM capabilities with the following exceptions: partial multichannel support, partial analytics and reporting, and partial EBPP capability; PCRF capability is provided through a partner.

Strengths

- Product portfolio — Has a broad based product portfolio that incorporates the IRCM components.
- Effective communication and commitment to the delivery process, and flexible pricing models.
- Positive sales activities (new and recurring business) in the past two years.

Cautions

- The IRCM product strategy lacks consistent adherence to TM Forum specifications, in particular around SID data specifications.
The acquisition of Intec, its role, and its value proposition with respect to the IRCM capabilities needs to be described better. Its product road map lacks clarity and transparency with respect to the integration of Intec’s solutions.

While a partnership program is in place, CSG does not go so far as to certify partner qualifications. Low number of SI partners that can deliver CSG’s IRCM solution and components.

The sales and marketing strategy has difficulties emphasizing the value of its IRCM solution via measurable elements.

Strategic investment with respect to innovations as well as the innovation process is not very focused.

Ericsson

Ericsson is a network equipment provider with total revenue of over $30 billion in 2010. IRCM revenue amounted to $750 million in 2010 according to Gartner estimates, of which over 40% came from licenses, with the rest coming from professional services. With the acquisition of LHS, Ericsson supplemented its prepaid charging portfolio with postpaid billing. The company’s IRCM portfolio consists of three suites: the charging and billing suite, the fulfillment suite and the analytics suite. Organizationally, Ericsson’s IRCM portfolio is housed in the Ericsson Business Unit Multimedia group.

Ericsson positions its IRCM portfolio as a one-stop-shop that is flexible enough to address all CSPs’ charging, billing and customer management requirements regardless of what type of operator they are (mobile, fixed, ISP, TV, and so on) or the type of business they need to support (retail or wholesale). It emphasizes a modular approach that allows CSPs to use end-to-end solutions and best-in-class modules depending on their current IT environment or market position. We do not expect the acquisition of Telcordia to have any major impact on Ericsson’s position in the IRCM market.

Strengths

- Product portfolio — Comprehensive portfolio built on SOA, TM Forum’s SID principles and other standards and protocols.
- Global presence and experienced staff that can be leveraged from across various business units, including strong professional services organization.
- Strong SI and partner relationships, including numerous joint implementations, including numerous ones with Atos Origin, Capgemini, Accenture and IBM.

Cautions

- Relatively few IRCM reference implementations for fixed-line CSPs.
The value proposition of the combined Ericsson-LHS portfolio has not been communicated adequately.

The price point for the IRCM solutions tends to be at the high end.

**Huawei**

Huawei is a network equipment provider with total revenue of $28 billion in 2010. IRCM — part of the application and software portfolio under the larger telecom networks line of business — accounted for revenue of nearly $1 billion in 2010, according to Gartner estimates. The company has followed an organic growth strategy and has steadily improved its share of the market for IRCM solutions, riding on new wins in emerging markets and Western Europe.

In the past few years, Huawei has focused on integrating its portfolio of software solutions that comprise convergent billing, CRM, partner relationship management, business intelligence, Web self-service, and revenue management functions like fraud management and revenue assurance. Huawei positions its IRCM solution as an end-to-end offering that complies with industry standards. The company also offers supporting professional services in its software division and emphasizes quick turnaround for its software solutions.

**Strengths**

- **Product portfolio** — Strong portfolio based on standards and guidelines (like TM Forum specifications and SOA). Joint innovation centers with key clients like China Mobile in Beijing, Telefonica and Vodafone in Spain, and Etisalat in Dubai.

- **Strong marketing strategy** that includes high visibility campaigns at industry events and outreach programs, including targeted sessions for clients. Branding is making a transition from cost-centricity to customer-centricity.

- **Strong client traction** for new and upgrade solutions with a flexible pricing structure that includes upfront license, pay-as-you-grow and outcome-linked compensation.

- **Aggressive pricing strategy.**

**Cautions**

- Lack of North America footprint and relatively small presence in Western Europe.

- Lack of compelling connection between technological capabilities and IRCM business values.

- Strong propensity to position end-to-end offerings backed by own services. As a result, professional services are not as strong for third-party solutions as for own solutions.

**MetraTech**

MetraTech, a privately held company, was founded in 1998 and introduced one of the industry's first XML-based billing suites. IRCM revenue amounted to less than $40 million in 2010, of which half came from licenses and half from professional services.
Its core product, MetraNet, comprises the following modules: MetraBill (rating, charging); MetraPay (automated credit or debit card payments); MetraCare (customer self-care); MetraView (statement presentation); MetraOffer (offer management); MetraControl (user interface); and MetraConnect (a software development kit to access all MetraNet services through Java, C++, Open Database Connectivity [ODBC] or XML over HTTP). In 2010, MetraTech launched a new division called Metanga, which provides multitenant, cloud-based services.

MetraTech positions its IRCM portfolio as an agreements-based billing (ABB) approach, a billing and compensation solution that is relationship-driven and supports fluid, individualized and interrelated agreements across customers, suppliers and channels. The ABB approach allows companies to dynamically model pricing and business models by enabling business terms to be translated into automated action, where complex agreement rules can be built, and allows them to track and fulfill obligations to customers, partners and suppliers. The result is support of innovative business models, monetization of complexly composed multiparty agreements and accurate compensation of the supply chain.

**Strengths**

- Product portfolio — The dynamic business modelling (DBM)-compliant architecture provides full separation of business logic from underlying application servers. MetraNet’s implementation of DBM is based on dynamically defined services that are fully Web service and SOA compliant.
- Strong position in non-CSP verticals, including finance (DTCC, Cetip, LifeLock) and others (Utah Transport Authority, City of Chicago, London Transport Authority, OnStream, Gerson Lehrman Group).
- Metanga, MetraTech’s subscription/SaaS/cloud billing division.
- Strong SI ecosystem, including Logica, Tieto, Capgemini, Nokia Siemens Networks, Fujitsu, TCS.

**Cautions**

- Focused on supporting rich charging and rating policy functions for high-growth services such as cloud, B2B and e-commerce. Some core functionality is provided through partners. Real-time charging and rating and PCRF are done through partners such as Nokia Siemens Networks and Intracom.
- Client base remains limited mainly to North America and Western Europe.
- Proven scalability of the solution — Largest live implementation supports around 5 million subscribers.

**Nokia Siemens Networks**

Nokia Siemens Networks, a joint venture between Siemens and Nokia, is a telecom network equipment provider with revenue of over 18 billion in 2010. In 2008, the company’s OSS and BSS
activities were joined together to create the Business Solutions organization (BSO) business unit. BSO offers solutions that aid in customer insight and experience, including numerous telecom operations and management systems that comprise IRCM capabilities. According to Gartner estimates, IRCM-related solutions accounted for around $450 million in 2010.

Nokia Siemens Networks positions customer experience management (CEM) as the cornerstone of its strategy across products and services. The company recently launched its CEM 2.0 campaign with the stated aim to help CSPs in their strategic transformation from an operational efficiency, internal processes, customer experience and revenue standpoint. Nokia Siemens Networks has over the years built or acquired important solution elements that contribute to the wider CSP business and IT transformation story. Given its portfolio of solutions that allow a cohesive view across subscriber, service and network assets, the company is now looking to target a new buying audience in CSP organizations — especially commercial teams that can use this view to enhance customer service and experience.

Strengths

- Strong vision for a solution-led approach to IRCM — backed by effective marketing and value-based selling to address CSP business requirements.
- Effective incubation strategy to manage innovation (both internal and external) and translate into solutions that impact CSP business objectives, like reducing cost, managing experience and expanding into adjacent domains.
- Adherence to industry standards and guidelines (like TM Forum specifications) with modular architecture for solution components based on SOA.

Cautions

- The CEM campaign, though promising, is fairly nascent and yet to see widespread implementation, especially leveraging the end-to-end IRCM product portfolio.
- Tactical approach to IT services vendor partnerships. The lack of a formal partner certification program indicates project-specific alliances that may limit CSP choice in some cases.
- Needs to enhance level of professional services by increasing competencies and expertise around core IRCM solutions.

Oracle

Oracle, as a global provider of hardware, software and services, also provides a comprehensive set of solutions that comprise the IRCM capabilities. It had total revenue of $35.6 billion in fiscal year 2010, of which Gartner estimates about $365 million was IRCM-related. About 62% of its IRCM revenue comes from licenses and about 38% comes from professional services, according to Gartner. Oracle provides the full range of core and adjacent IRCM capabilities. Oracle’s IRCM capabilities are provided primarily through the following products: Oracle Siebel CRM, Oracle ATG Web Commerce, Oracle Communications Billing and Revenue Management (OCBRM), Oracle Self-Service E-Billing, Oracle Product Hub for Communications, Oracle Communications Order and
Service Management, Oracle Communications Data Model, Oracle Business Intelligence Enterprise Edition, and Oracle Communications Network Charging and Control (OCNCC).

Oracle’s solutions for IRCM cover a broad spectrum of high-level business processes which Oracle defines in specific solution sets (such as concept-to-cash). They are augmented through the following pillars: intelligence-driven IRCM through advanced communications-specific analytics; open Web 2.0 application development; convergent charging and policy management; and optimized hardware systems for application-specific performance (for example, Oracle Exalogic and Oracle Exadata).

**Strengths**

- **Product portfolio** — Comprehensive and broad set of modular and configurable components that cover every aspect of an IRCM solution, and which can run on a multitude of OS platforms. The underlying architecture is SOA driven, open and based on industry specification.

- **Large global presence with comprehensive and broad SI partner and developer ecosystem, with well established partner and certification program: the Oracle PartnerNetwork (OPN).**

- **Good balance of customers using IRCM components from outside the communications industry.**

**Cautions**

- The broad spectrum of Oracle’s solutions sometimes makes it hard for customers to identify the solutions and components that make up the IRCM capabilities.

- The operations of Oracle systems and products are often complex. Although Oracle’s support portal Metalink provides product documentation, customers have a hard time discovering and locating the relevant information in a timely manner.

- CSPs often find the license fees for Oracle’s IRCM solutions costly compared to competitive alternatives.

**Orga Systems**

Orga Systems is a privately held company. As a former systems development department of a global smart card manufacturer, it started with a prepaid GSM billing system in 1994 and now has a full suite of IRCM solutions. IRCM revenue amounted to around $90 million in 2010, according to Gartner estimates, of which one-third was for licenses and two-thirds for professional services.

Its product, OS.Convergent, includes all core functionality modules as outlined in the Market Definition/Description section, except for partner relationship management. Adjunct functionality includes customer/service product life cycle management, active mediation, service control, recharge (voucher management plus airtime selling) and mobile finance/mobile money. Some of these modules have been repackaged into other suites, including OS.Bandwidth for dynamic
bandwidth management, OS.Prevent for bill shock prevention of data services, OS.Corporate for convergent billing and mobile VPN for corporate customers, and OS.Prepaid.

Orga Systems positions its portfolio as an enabler of real-time charging and billing. In particular, it emphasizes the solution’s scalability and low latency, its ability to enable CSPs to roll out new price plans quickly, and the potential to reduce churns and retain customers.

**Strengths**

- **Product portfolio** — Comprehensive solutions suite. Some modules are provided through partnerships, including customer care (ConceptWave), order management (ConceptWave), EBPP (Doc1) and interconnect (Basset).
- **Market responsiveness and track record** — Customer feedback is generally positive.
- **Sales strategy** — The company has a clear method of communicating and measuring the products and solutions it sells by capturing multiple KPIs including time-to-market, churn, customer complaints, leakage reduction, ROI, deployment time, TCO and others.

**Cautions**

- **Limited geographic footprint.** The company only has a few customers in North America and Asia/Pacific.
- **SaaS, managed services and outsourcing are currently out of scope of Orga’s delivery model.**
- **Marketing execution** — Orga’s ability in communicating its capabilities needs improvement. The company remains relatively unknown in the industry.

**Tecnotree**

Tecnotree, headquartered in Espoo, Finland is a publicly listed company. The company was formed following an acquisition of Lifetree Convergence by Tecnomen in 2008. Gartner estimates that revenue for IRCM solutions was almost $60 million in 2010, with nearly equal split across license and professional services.

Tecnotree emphasizes a solution-led approach to critical business problems facing CSPs in the areas of revenue generation and customer experience. This is reflected in recent marketing initiatives by the company and new product launches, including a unified product catalog. As part of its product portfolio, Tecnotree offers convergent charging, billing, customer life cycle management, product life cycle management, value-added messaging and content delivery solutions.

**Strengths**

- **Product portfolio** — Well rounded, based on standards and guidelines like TM Forum specifications and flexible delivery models (including utility/cloud).
Strong innovation funnel strategy — Tecnotree is placing bets on CSPs' business imperative to participate in digital commerce, to bundle and personalize services and to improve customer lifetime value through use of analytics and unified customer care.

Relatively high investment in technology and intellectual property development as a percentage of revenue compared to larger IRCM vendors.

Cautions

- Lack of partnership model for professional services may impact scalability in execution in the case of large deployments/installations.
- Relies on partner products for areas like policy control and advanced analytics capability.
- Concentrated client base in Latin America, the Middle East and Africa with a sales focus on existing key accounts to grow new business.
- Marketing campaigns like "Powering the Digital Marketplace" are relatively new and yet to show evidence of CSP interest/uptake.

ZTE

ZTE, headquartered in Shenzhen, China, is a publicly listed company. The company's core business is telecom network equipment and it had revenue of nearly $11 billion in 2010, of which Gartner estimates IRCM-related revenue was about $400 million. The company recently went through a reorganization to decentralize its sales and delivery capability into local, regional and global structures. As part of the structuring, marketing and R&D have been closely aligned to improve response times to requirements from key accounts. The company has been focusing on its globalization strategy and introducing more of its products and services to international markets.

ZTE positions its IRCM solution as a cost-effective end-to-end offering with fast time to market. The solution is built around the ZSmart range of products that include real-time rating and charging, product catalog, interconnect, customer care and business intelligence modules.

Strengths

- Comprehensive coverage across all IRCM functions with flexible delivery and pricing options and adherence to standards and guidelines like TM Forum specifications.
- Evidence of high scalability of the charging platform based on the number of subscribers supported on a single instance.
- New organizational structure with more autonomy for local and regional teams positions ZTE to make inroads into new markets especially in Western Europe. The Middle East and Africa, in addition to Asia/Pacific, seem well covered in terms of presence.
Cautions

- Limited SI partner ecosystem, with Atos and Indra as the only two certified partners.
- Product marketing is centered around technology and R&D capability as against effectiveness of the solution to address CSPs business concerns.
- Lacks significant mind share outside home country and region. May face difficulty competing with stronger international players as it makes forays into new markets.

Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market"


"Market Trends: Global BSS, OSS, Enhanced and Enterprise Initiatives, 2011 Update"

"Market Trends: Worldwide, OSS and BSS Help Bridge the Customer Experience Gap, 2011"

"Hype Cycle for Communications Service Provider Operations, 2011"

"Global BSS, OSS, Enhanced and Enterprise Initiatives, 2011 Update"


"Emerging Technology Analysis: Supplier and Partner Relationship Management"

"Emerging Technology Analysis: Network Intelligence Gives More Teeth to Telecom Operations and Management Systems"


"Key Issues for Communications Service Provider Operational and Business Infrastructure"

"Market Trends: Worldwide, OSSs and BSSs are Inching Toward Converged Processes, 2010"

"Competitive Landscape: Revenue Assurance and Fraud Management for Communications Service Providers"

"Competitive Landscape: Convergent Charging and Billing"
Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

**Product/Service:** Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor’s capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness and Track Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor’s history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization’s message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.
**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

**Completeness of Vision**

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**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor’s approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor’s underlying business proposition.

**Vertical/Industry Strategy:** The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.
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