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What's Really Innovative in Communications IT?

By Tim Young, Editor-in-Chief

Ah, the springtime. Birds singing, invigorated from their winter vacations. Sprouts struggling to stretch their fragile bodies away from the chilly earth and towards the warming sun. The sounds and smells of rebirth.

It's a great time, no? A time for inspiration, introspection… and maybe a little innovation? Now that's a rare beast. Given the chilly economic climate that has persisted longer than a Chicago winter, we've seen many a market-watcher proclaim that innovation on the communications IT side, the traditional purview of OSS/BSS, has been muted by risk-aversion. A conversation with at least one C-Level in the space concluded with the determination that innovation hasn't been a big part of

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the story for some time.

But is that changing? Do we sense a parting of the status quo clouds, letting a little sunlight fall on the communications IT space?

To answer that question, I reached out to some of the top analysts working in the industry today to get a sense of what they thought was innovative in OSS/BSS right now, and where the hype of innovation may be more prevalent than true foresight.

The Drivers

To get a handle on the innovative technologies and markets under the OSS/BSS umbrella, I first wanted to get a sense of what the analysts thought were the motivating factors driving innovation among these IT vendors.

"As usual," said Mark Mortensen, Principal Analyst in the Telecoms Software division of Analysys Mason, LTD., "innovation is driven by the confluence of operator business needs and new software techniques, middleware, and de facto standards that allow vendors to tackle problems that they could not before – or tackle them more cheaply." Those standards have come from myriad organizations and formal or informal standards bodies, according to Mortensen, who cites J2EE and Microsoft .NET architectures, TMF SID standards, and SOA interfaces as notable contributors to this climate of innovation. "These together have allowed vendors and systems integrators to integrate formerly disparate systems together to provide effective flow-through operations processes," said Mortensen.

However, there is a more external and less-optimisticly-worded idea of what's driving vendors towards innovation, as well.

"I believe that what's driving innovation for service providers and the vendors that support them is fear," said Nancee Ruzicka, Senior Research Analyst in Stratecast's (a division of Frost & Sullivan) OSS Competitive Strategies group. "We've all talked about the need for transformation and the business changes that are critical to the future of this industry for ten years or more but it seems that perhaps now really is the time."

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But could the reticence among some service providers to take those proactive steps towards the future cause vendors to go over the heads of their CSP customers? "Some B/OSS developers appear to operating under the impression that many carriers aren't in tune or are choosing to put their heads in the sand when it comes to the critical trends shaping the way businesses want to communicate," said Craig Clausen, Executive Vice President of New Paradigm Resources Group (NPRG). So what's a vendor to do?

"Vendors we've spoken with seem to be increasingly looking beyond their service provider customers and towards the SPs' business customers for further direction on what back office systems they need to be developing for SPs," said Clausen. "Therefore, one critical trend driving innovation among B/OSS vendors is the shifting communications requirements of businesses – both large- and mid-size."

So, with the benefit of standards, a new sense of purpose brought about by competitive threat, and a more holistic approach to understanding shifting business requirements, what specific technologies and market segments demonstrate innovative thinking?

Growth Areas

One area, according to Mortensen, is order management and product catalog. “The explosion of new services, supported by the services layer (based on Service Delivery Platforms) outstripped the ability of the OSS and BSS systems to support them.” Changes in services were being made in weeks while OSS/BSS systems took months to schedule resources, change catalogs, test systems, etc., Mortensen said. However, vendors have found their way out of this time trap through advances in product catalogs. “These can be modified quickly to support the new services. All the major vendors have such systems as well as specialized vendors in the order management and product catalog spaces.”

In addition, a whole lot of smart money is still riding on the growth of cloud services. “There are new benefits available from the much lower costs of virtualized computing environments,” said Lancaster. “This applies to CSPs who run their own in-house OSS/BSS environments as well as those who look to the Cloud Services providers. This may be a good example of technology innovation, but not really OSS/BSS innovation.”

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However, there is a great deal of innovation going on in the way that OSS/BSS providers are leveraging the cloud for their own solutions. Hosted services, especially in the billing space, are a definite growth area, and seem to be a solid solution for small- and medium-sized carriers who want an agile billing model that doesn’t sport the price tag of the solutions that the RBOCs and massive MSOs have. So perhaps there is OSS/BSS innovation in those clouds.

Also, Clausen sees that among developers, including the OSS/BSS set, “ that ‘Business Intelligence’ is more than a buzzword and can have a meaningful impact on their businesses – especially Tier 2 carriers who are turning out to be the waking giants. As these carriers simultaneous push forward and feel competitive pain, they’re forced to examine fundamental business practices.” Whereas inefficiencies could be abided in previous years, the changing landscape eliminates that luxury. "The cozy world free of meaningful competition allowed these providers to overlook the value of having integrated back office systems that facilitate the sharing of data and information across organizational boundaries," said Clausen. "Today, these carriers can't overlook this any longer if they hope to be successful participants in tomorrow's markets."

And tomorrow's markets may mean a different role for those carriers, according to Ruzicka. "Competition is more real now with global businesses challenging the industry and doing their best to relegate service providers to utility-status." In addition, she asserted that as networks crossed the threshold from technology upgrade to critical infrastructure, innovation was both enabled and stifled. It creates a great environment for innovation on the part of app developers, device manufacturers, OTT plays, and the rest. However, carriers are paying for helping to create an environment wherein "products and services assume network connectivity and there is no differentiation among those that provide it," said Ruzicka. "So continuing to compete on connectivity is the fast track to utility status - highly regulated companies that provide equal access."

However, that isn't the only conceivable fate for carriers, according to Ruzicka. "There are products like mobile banking and M2M that service providers are ideally suited to deliver given their status as trusted, secure, stable operators." Leveraging their stability and reliability, though, will take some major shifts, both in technology and corporate culture. However, most of the analysts I spoke to seem confident that OSS/BSS vendors are hot on the trail of the sorts of support technologies that could enable these big market shifts. Ruzicka insists that if these changes are going to be made, now's the time. "It's time to compete and innovate around services - really compete and innovate - not just plod along like a utility."

Identity Crisis

That leads to an interesting development in the OSS/BSS space: relative quiet. Whether due to economic pressures or pushback from CSP customers, many of the major players in the space are assuming lower profiles and employing terminology that draws focus away from their traditional foci and towards a more integrated view of the communications space. "To me, most of the OSS market is a sleeper these days," said Dan Baker, Research Director at Technology Research Institute (TRI). "The big vendors don't talk about what they are doing. Telcordia purposely didn't say the word 'OSS' in its recent analyst conference. They kept saying 'operations'. It's a mystery to me, or they are still trying to shake off who they really are."

But could "who they are" be changing? Are OSS and BSS the relevant categories they used to be? At the very least, some of the analysts with whom we spoke suggested that the categories may be changing. "The formerly sharp division between BSS and OSS is blurring as the processes bridge the former gulf," said Mortensen.

From Pipeline's perspective, this is something we've wrestled with internally, as well. Long having identified as a publication covering OSS/BSS, the diminishing difference between the two subfields, combined with the constant integration of new IT developments into this purview has led us to much more frequently call our area of study "communications IT," or CIT.

Semantics aside, companies in the space are continuing to roll out products and win customers, though not every analyst with whom we spoke is entirely convinced of the innovative nature of every growth area they're seeing.

"There is always a bit of vapor in any new area as vendors and operators sort out what the best solutions are in the various areas they can address," said Mortensen. "Right now, I think I see it mostly in the mobile e-commerce platforms and Self-Organizing/Optimizing Network (SON) spaces – two bleeding edge areas."

But some developments are leaving some analysts worried. "I see Policy taking off as hugely popular, especially with those carriers who love the idea of being able to throttle anyone, anytime," said Lancaster. "While popular, I don't see it as innovative. It is essentially using network performance data for evil instead of good."

But, good and evil aside, communications IT remains, in many ways, the quietest corner of a hugely dynamic market. As the season marches on, and the leaves green (and our readers in the Southern Hemisphere will forgive me any seasonal inaccuracy this statement provides) and flowers bloom, innovation exists, but may be shining a little less brightly than in years past.