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**Expanding the Power
of Transformation**

Building on success: expanding the power of transformation

by Andrew Feinberg, President and CEO of NetCracker Technology

Technology is eroding the traditional borders between ICT sectors by converging business, entertainment and, indeed, all applications onto a single platform. Broadband makes vast amounts of content readily available, but it is content that gives relevance to technology. Still, few content providers and telecom providers work closely together enough - each wants to 'own' the customer and receive a larger portion of the revenue. This conflict of interest frequently forestalls fuller relationships between the two and stifles more effective cooperation.



Andrew Feinberg is President and CEO of NetCracker Technology where he shapes NetCracker's corporate strategy and worldwide business operations. Under Andrew's leadership, NetCracker has experienced steady, profitable growth. Andrew has steered the company to become an integrated provider of OSS software, services, and telecom expertise with a single focus on customer success. Prior to leading NetCracker, Andrew worked at Bain & Company Private Equity Group where he oversaw transactions in the telecommunications, software, and hardware industries. Before joining Bain, he was a strategy consultant for the telecommunications, cable, and software industries advising customers on corporate strategy in the U.S., Europe, and Latin America. Andrew holds an MBA from the Wharton School and a B.S. from Bentley College.

NetCracker's CEO, Andrew Feinberg, offers MEA operators a proven approach to transformation

Transformation is a global phenomenon in the telecom world. Even before the worldwide recession began in late 2008, service providers were feeling the heat from new competition. Their profit margins were under pressure, and customer retention was becoming more difficult. New competition was eroding their traditional, close customer relationships by delivering information, entertainment, and communications in a far more user-friendly way.

Few companies understand transformation better than NetCracker Technology. In the past decade NetCracker participated in the largest number of business and infrastructure

transformations in the industry and in February 2010, the company announced a large-scale business expansion whereby its parent company, NEC Corporation, consolidated its Telecom Operations and Management Systems (TOMS) software and services business under NetCracker. As a result of this multi-billion dollar infusion of assets, NetCracker became the world's largest provider of end-to-end TOMS solutions. Building on its track record for delivering high ROI transformation programs to leading carriers around the world, NetCracker now possesses the resources and solutions required to help operators of all sizes increase their competitive edge in a highly demanding, rapidly evolving telecommunications marketplace.

Identifying the key drivers behind service provider transformation

Historically three underlying factors have driven telecom transformation: 1) The desire for service providers to reduce their overall cost of operations; 2) The need to become much more agile in creating and delivering new services; and 3) The increased demand for improved customer responsiveness and focus on customer service.

At a strategic level, service providers have been asking critical questions such as, 'How do we continue to deliver sustainable value?' How do we maximize the technology dividend? How do we carve out a space in the fast-changing world of information, entertainment, and communications access and delivery?

The compelling need to address these issues and questions has been the impetus for driving transformation in the communications industry.

Defining transformation

NetCracker's approach to delivering successful transformation projects has been shaped by its extensive history of providing solutions to operators who need answers to the questions outlined above. In this sense, NetCracker has had immediate, firsthand experience helping to define transformation for operators - whether it is business transformation from the top down or incremental transformational approaches designed for specific, targeted projects.

The most common types of transformation projects are these three:

- Projects driven by a significant infrastructure upgrade, predominantly on the network side, to accelerate the delivery of rich media services via high-capacity access, for both fixed and mobile providers
- Projects driven by migration to next-generation IT capabilities in order to deliver higher levels of business agility and customer responsiveness and to reduce costs
- Projects driven by business transformation - transformation that fundamentally alters the traditional business model and gives service providers a new way to engage with their customers along with the ability to create, deliver, and manage new services

In the last decade, the majority of transformation projects have been in the first two categories, and in many ways they create the foundation for the third. NetCracker has been deeply involved in all three types, enabling service providers to rapidly monetize their investments in the Network, rationalize their systems, and deploy the platforms and infrastructure required to re-engineer their businesses.

Committing to transformational success

Undertaking any transformational project requires significant strategic and financial investment - and at NetCracker we understand that failure is not an option. Our experience has demonstrated that the following six factors are common to all successful transformation projects, regardless of their nature, and service

providers should keep them in mind when undertaking large-scale transformations:

1. *Understanding & articulating business objectives.* Business objectives must be clearly understood and articulated. Ideally these objectives should be applicable to a service provider's end-to-end business processes. They should also be measurable and drive all the transformational components including architecture, roadmap, and technology choices.

2. *Strong ownership & support by c-level executives.* The second success factor is strong ownership of the transformation project and support that comes straight from the top of the organization. This buy-in from C-level executives ensures sustained funding, effective governance during the transformation project, and long-term commitment to the program.

3. *Flexible architecture & technology.* The architecture must be flexible enough to adapt to changes - changes driven by technology as well as internal and external factors. The architecture and technology must also be future proof, scalable, and standards based.

4. *Choosing the right partner.* Transformation projects are large and complex and depend on the expertise and experience of all the parties involved. To this end, service providers need to choose partners with proven product capabilities as well as service capabilities that include data migration, integration, and all other complex areas. Partners should also understand the dynamics of service provider business as well as the technology. They should have the ability to scale to the needs of the transformation project and be able to provide sustained support throughout the program.

5. *Implementation & execution.* Implementation and execution must be guided by strong project governance to ensure that the project is completed on time and within budget. This builds the credibility of the partner that is delivering the program and ensures that its business value is realized on time as expected.

6. *Thinking outside the box.* Finally, we advocate thinking outside the box when implementing large transformation programs. Service providers should be open to new models of engaging with partners and vendors - models that could involve managed services, risk sharing engagements, and joint ownership. These various models

- some of which have demonstrated their value in other domains - bring in much more commitment from all the partners that are involved in delivering transformation projects.

What's next for service providers & NetCracker: managing the digital lifestyle

It is important to understand that transformation will continue, as service providers make significant investments in the next generation of networks - 4G for mobile and gigabit access for fixed. The resulting explosion in bandwidth will create new opportunities and challenges. On the enterprise side, service providers will have the opportunity, through cloud computing, to offer a wider range of applications and services - far more than just high speed access and connectivity. On the mass market side, the consumer home will become the new battleground - for managing connectivity and devices as well as owning the movement of bits inside the house. Device activated services, machine-to-machine (M2M) interactions, and smart grid are all beginning to converge in the home. In the wireless world, mobile transactions are set to accelerate with new smart devices, enabling a much higher level of content interaction than ever before.

For over a decade, NetCracker has been focused on one thing: helping communications service providers be the best at what they do - deliver the next generation of communications services and look ahead to providing customers with the next generation of information and entertainment services as well.

In 2010, we are still committed to this goal. With our multi-billion dollar expansion into the TOMS domain and the support of our parent company, we have more resources - from customer-facing systems to Network Management and service platforms, paired with our service capabilities and a global reach - to help service providers gear up for the next phase of transformation in their business and in the industry. ●