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Andrew Feinberg
President and CEO
NetCracker Technology Corp.

Transforming To a Gigabit Society

Five Questions for Andrew Feinberg, President & CEO of NetCracker Technology

BY NANCEE RUZICKA, OSS/BSS GLOBAL COMPETITIVE STRATEGIES, STRATECAST, A DIVISION OF FROST & SULLIVAN

The companies we have long associated with the delivery of reliable communications services are facing a perfect storm of new competitors, explosive demand, and operational complexity. As Google, Amazon, Netflix, and others offer services that were once exclusive to the likes of AT&T, Comcast, and France Telecom, the incumbent service providers face fundamental challenges: How to transform their businesses to operate at a lower cost while delivering new revenues; how to use their networks, connectivity, and services to become indispensable to consumers and enterprises across all industries; and how to prevent themselves from becoming mere commodity providers.

Transformation is the big focus in the communications industry today, and NetCracker is a leading supplier of software and solutions to service providers who are looking to transform their businesses. Whether they want to deliver innovative services and applications or manage highly sophisticated next-generation networks, NetCracker offers an unmatched breadth and depth of solutions to help them achieve business transformation.



Andrew Feinberg,
President & CEO of
NetCracker Technology

Recently I had the opportunity to speak with Andrew Feinberg, NetCracker's President and CEO, about business transformation, the current state of the communications industry, and what he believes is in store for the future.

Stratecast: Communications is now a basic element of every business, just like electricity, buildings, and machinery. In your view, how can service providers go beyond the basics to enhance the value they bring to their customers?

Mr. Feinberg: The sheer scale of today's networks and the Internet—and the way they're being used—is beyond anything we could have predicted even five years ago. Today, there are 5 billion mobile phones for the world's 7 billion people, and the advent of machine-to-machine (M2M) communications will soon result in an Internet of 50 billion

interconnected devices. In 10 years we will evolve from a Megabit Society into a Gigabit Society.

This presents a tremendous opportunity to service providers who can drive and monetize this transition. To take advantage of this opportunity, they are rethinking their business from a technology, people, and partnership perspective in order to become cross-industry value creators.

Interconnected IT and communications combined with mobility have the potential to create business value in any industry. They provide an incredible opportunity for service providers to leverage the reach, reliability, and availability of their infrastructure to become the indispensable partner of choice for all industries.

Stratecast: How will demands for higher levels of quality and flexibility of

services, along with the unique requirements of multiple industries, affect the way service providers operate?

Mr. Feinberg: Service providers will be affected in three key areas: investments, organization, and channels. First is the increase in spending on systems and IT. To deliver more than just the plumbing and to stay off the path to becoming mere commodity providers, they must offer top-to-bottom solutions that will enable them to deliver new capabilities to their customers. IT and systems are a critical component of this transformation, and as such, service providers are investing in new infrastructure. Organizationally, they are aligning the CIO and CTO domains more closely, building cross-functional teams, and driving operational agility—a critical success factor in transformation. And finally, they are reworking their retail, distribution, and marketing strategies.

Stratecast: What are the biggest changes service providers will need to make and accept going forward? What is the hardest part?

Mr. Feinberg: The hardest part—all of it! I cannot emphasize strongly enough the complexity of such transformation. We are talking about an industry that has a 100-year-old legacy.

Transformation for service providers has to be holistic. It has to be organizational, structural, behavioral, and technical. It's full-on transformation and it's difficult. Service providers are facing new market dynamics and technology where they are competing against agile enterprises that aim to offer the same services that were once their exclusive domain. In this new environment, the technology is certainly challenging, but the organizational and behavioral components are even more difficult. This new market dynamic pushes them to establish new partnerships and become

part of a new ecosystem populated by content and application providers. They will have to reevaluate their supply chains and relationships with customers and move to new business models. Until recently, they have competed with each other as well as cable and mobile operators. But this new competitive environment is fundamentally different from anything they've ever had to face in the past.

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Andrew Feinberg
President & CEO
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Stratecast: What are the keys to implementing these new business models?

Mr. Feinberg: There are many, but leadership is the most important. The innovative providers are bringing in new leadership from outside the communications industry to adopt best practices, change legacy processes and organizations, and introduce new approaches to delivering content and customer care. There is no single template for what the new business models look like, but the transformation to new models starts at the top with leadership, commitment, a focus on the right objectives, and relentless execution aimed at delivering the optimum customer experience, content, convergence, and connectivity.

NetCracker fits into these new dynamics by delivering solutions and services

that enable providers to monetize every transaction and provide the right content to the right customer—personalized and on demand. We enable the convergence of network and IT for the agile delivery of services. And we enable next-generation connectivity to speed the transition to a Gigabit Society.

Stratecast: How would you describe the communications industry of the future?

Mr. Feinberg: The bar for differentiation has risen, and service providers worldwide are moving towards new approaches to service quality, support, and customer experience.

It will be an industry of smart devices and sophisticated, self-healing networks, delivering content for an on-demand world. It will drive extremely high volumes of transactions. Imagine this: In a few short years, 3 billion people will be able to initiate transactions via their mobile devices! The industry will be much more globalized in terms of parity of services and the emergence of large global carriers—whether through alliances or shared infrastructure—to compete against global content providers. Keep in mind that even the largest service providers today have footprints that are predominantly local and national. Globalization will challenge their existing organizational and regulatory structures.

Infrastructure and connectivity will remain important revenue sources, and service providers will compete on the delivery of these traditional products—with the added challenge of delivering advanced services and applications.

The simple truth is that service providers created this industry. By listening to their customers and driving innovation, they will pave the way to the Gigabit Society. ■

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