

Camiant Wins High Marks in Policy Vendor Ratings: Operator Survey Highlights

Infonetics Research, Inc.
www.infonetics.com

By SHIRA LEVINE

Directing Analyst, Next Gen OSS and Policy
Infonetics Research, Inc.

FEBRUARY 2010

INTRODUCTION

As the consumption of broadband services increases and new rich media content, services, and applications emerge, operators are facing unprecedented demand for more bandwidth and higher quality of service. While many of these operators are embarking on infrastructure upgrades over the next several years to accommodate this demand, they are increasingly recognizing the need to better utilize their existing network resources, operate more efficiently, and reduce the costs associated with creating and rolling out new services.

Policy servers represent a way to do just that, by providing a layer of control to better manage the spikes often associated with data traffic, ensure QoS for specific applications, enable more innovative and personalized services, and optimize the subscriber experience. Over the last few years, the role of the policy server has evolved from a tool to manage bandwidth on broadband networks into a more sophisticated, standards-based solution that extends up into the IT layer, acting as the intersection point between network resources and subscriber/application requirements.

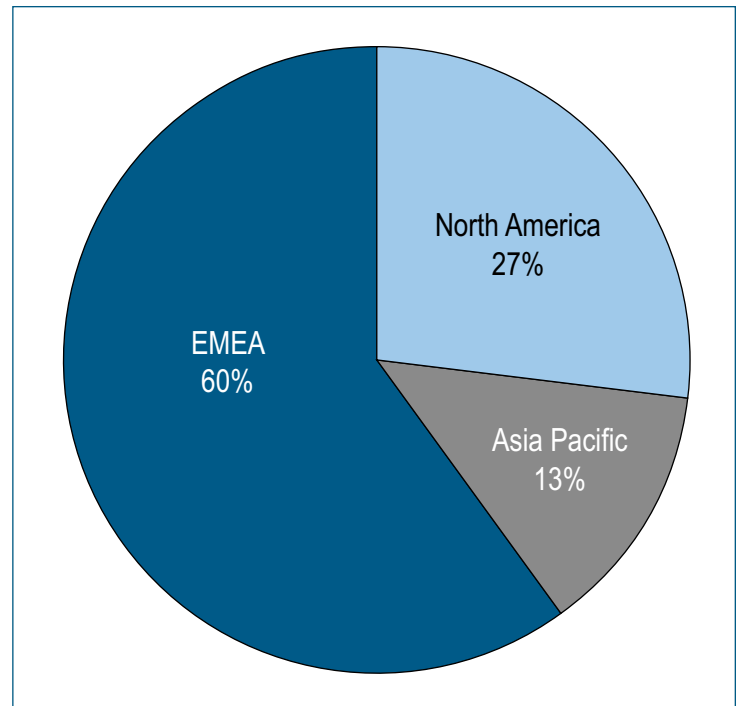
Policy server vendors are addressing that shift by moving away from highly customized, specialized products and toward more standards-compliant solutions with a common set of features. At the same time, those vendors that have proven their expertise in specific market segments are starting to diversify, extending their reach into adjacent areas and exploring sales opportunities in new regions.

ABOUT THE SURVEY

The following is an excerpt of the findings from our December 2009 *Policy Server Vendor Ratings: Global Service Provider Survey*. This survey provides insights into operators' assessment of policy server vendors, as well as key data on the policy server market, including drivers and deployment among respondents.

We interviewed 15 service providers in October and November 2009 using online, e-mail and telephone methods. To qualify, respondents must have already deployed policy servers, or must plan to do so by 2010. The majority of respondents (67%) have policy servers already in place, and the remaining respondents stated that they will deploy policy servers by 2010. Respondents were required to have detailed knowledge of their companies' policy server infrastructure and at least some influence in the purchase decision.

REGIONAL DISTRIBUTION OF SERVICE PROVIDER SURVEY RESPONDENTS (N=15)



© Infonetics Research, *Policy Server Vendor Ratings: Global Service Provider Survey*, December 2009

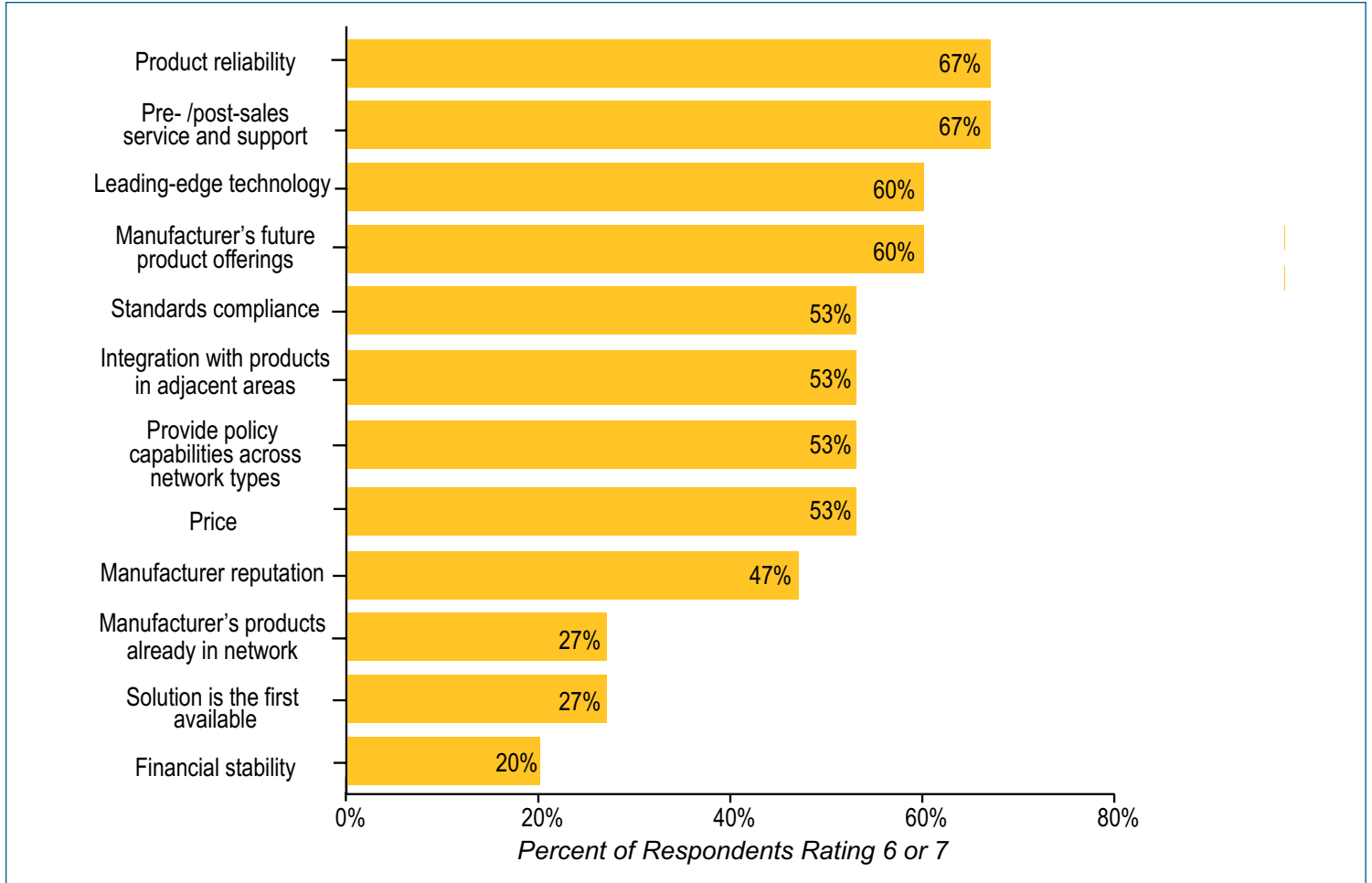
Forty-seven percent of respondents are wireless operators and 33% are cable operators—not surprising, given that these two operator types have been the earliest adopters of policy control technology.

Just over half of respondents are located in EMEA; many are specifically in Western Europe, where rapid growth in wireless data usage has driven widespread deployments of policy servers—deployments that we believe will continue to ramp up as operators roll out their 4G networks over the next several years. Among the European respondents are several regional operators owned by a large multinational parent company; however, since policy control decisions are typically made on an operator-by-operator basis, we considered these to be individual responses. An additional 27% of respondents are operators in North America, where the policy market has been historically led by cable MSOs looking to manage bandwidth usage. The remaining respondents are from Asia Pacific.

VENDOR SELECTION CRITERIA: STANDARDS COME INTO PLAY

We asked respondents to rate criteria for choosing a policy server vendor on a scale of 1 to 7, where 1 means *not important*, 4 means *somewhat important*, and 7 means *critical*. The chart below shows the percentage of respondents rating each criterion a 6 or 7, or *very important*.

POLICY SERVER VENDOR SELECTION CRITERIA (N=15)



© Infonetics Research, *Policy Server Vendor Ratings: Global Service Provider Survey*, December 2009

Product reliability and service/support ranked highest—not unexpected, given the increasingly important role that policy control plays in the operator’s network, and given the number of smaller policy vendors challenging the more established players in this market.

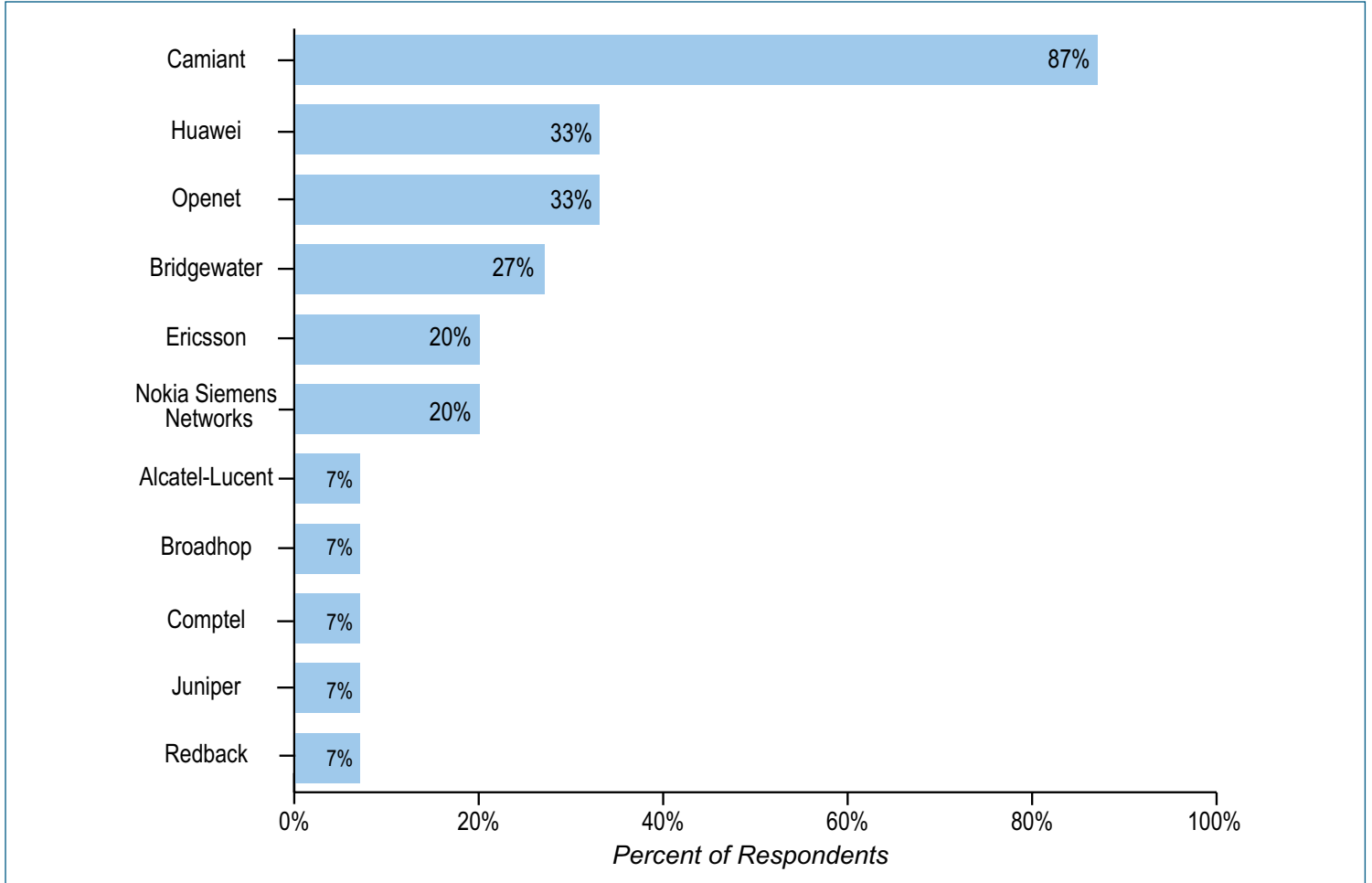
Respondents also ranked standards compliance high on the list, as they look to include PCRF-compliant policy control capabilities as part of their next generation network deployments, as well as easy integration with products in adjacent areas such as charging and subscriber data management.

Only 27% named having the vendor’s products already installed in the network as an important selection criterion, confirming the growing influence of younger standalone policy vendors such as Camiant, Bridgewater, and Openet, that don’t have the NEPs’ long-standing presence in the market.

SMALLER VENDORS TAKE THE LEAD

In an open-ended question, we asked respondents who they consider to be the top three policy server vendors. As illustrated in the chart below, Camiant was named by the most respondents—87% put it in the top three. Huawei and Openet tied for second place, with 33% of respondents identifying each as a top vendor, and Bridgewater followed closely behind with 27%.

TOP VENDORS: RESPONDENT PERCEPTION (N=15)



© Infonetics Research, *Policy Server Vendor Ratings: Global Service Provider Survey*, December 2009

These responses may have been influenced by the unique mix of operators who responded to our survey request. Eighty percent of respondents are either wireless or cable operators, areas in which the top vendors on the chart below are strongest. Moreover, over half of survey respondents were based in EMEA, which may have influenced results as well. While we do solicit a wide range of operators for our surveys, we have found that many consider back office software—including policy control capabilities—to be a significant competitive enabler, and are reluctant to discuss it even when promised anonymity.

We do believe that Camiant, Openet, and Bridgewater's high numbers can be attributed to a recent groundswell of interest in stand-alone, software-based policy control capabilities. While we see policy deployments occurring hand-in-hand with network infrastructure rollouts, particularly 4G WiMAX and LTE deployments, operators are generally opting for best-in-breed policy control solutions that enable them to handle policy decisions according to dynamic criteria across multiple network and service types.

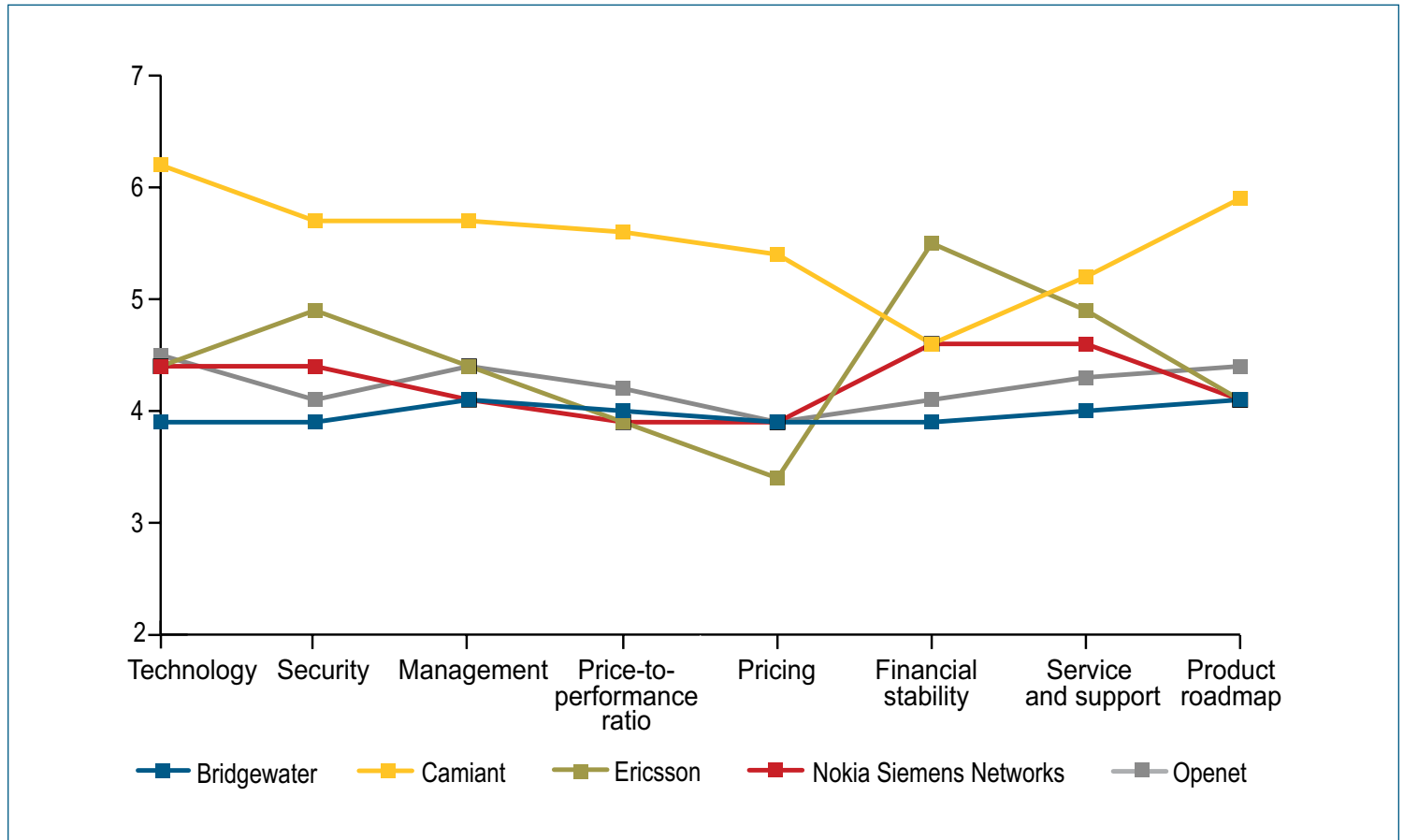
The top vendor results are as expected, given vendors' historic propensity to specialize in certain market segments. However, we did see some interesting wireless/wireline crossover, including wireline and cable vendors naming vendors who have traditionally played in the wireless space as a top three vendor, and vice versa. As we note in our *Policy Servers* biannual market share, size, and forecast report, we're seeing increasing interest among operators in access-neutral policy control, and many suppliers are addressing that trend by expanding their product capabilities to move beyond their traditional market segments.

VENDOR RATINGS: CAMIANT, ERICSSON WIN HIGH MARKS

Prior to asking respondents to evaluate vendors on a number of criteria, we asked them to indicate their relative familiarity with each supplier on a scale of 1 to 7, where 1 is *not familiar*, 4 is *somewhat familiar*, and 7 is *definitely familiar*.

We then asked each respondent who rated a vendor 3 or higher on the familiarity scale to rate that vendor on a variety of criteria, on a scale of 1 to 7, where 1 is *poor* and 7 is *excellent*. The chart below shows the average rating for each criterion for each vendor.

RATINGS REVEAL VENDOR STRENGTHS AND WEAKNESSES (N=8, 11, 8, 8, 10)



© Infonetics Research, *Policy Server Vendor Ratings: Global Service Provider Survey*, December 2009

Key findings:

- Respondents gave Camiant high ratings on all categories except financial stability, perhaps reflecting the lack of visibility inherent in a privately held company.
- While Ericsson received high ratings on most criteria, particularly financial stability, security, and service/support, respondents were less pleased with its pricing and general price-to-performance ratio.
- Respondents rated Bridgewater Systems, Nokia Siemens Networks, and Openet fairly closely on most criteria, though they gave Nokia Siemens higher marks on financial stability than the other two smaller vendors. Among the three, Openet rated slightly higher on technology and product roadmap, while Bridgewater rated slightly higher on pricing.
- Only 7% of respondents reported familiarity with Alcatel-Lucent, precluding us from including them in the chart above.

BOTTOM LINE

As operators roll out new services and capabilities, they have had to add new logic and control at the edges of their networks to better manage the requirements of these applications, as well as the wide range of end-user devices currently in use. Policy servers are emerging as a key tool to achieve that goal, particularly when used in conjunction with the authorization and enforcement capabilities offered by other network resources, such as AAA and RADIUS servers, edge routers, deep packet inspection (DPI) platforms, and broadband gateway and aggregation hardware.

However, while we see policy deployments occurring hand-in-hand with network infrastructure deployments, particularly 4G WiMAX and LTE rollouts, we believe that at the end of the day, the majority of operators will opt for a standalone, best-in-breed policy control solution that enables them to handle policy decisions according to dynamic criteria across multiple network and service types. The results of this survey seem to confirm that belief, given the high ratings assigned to smaller software vendors such as Camiant and Openet.

Over the course of the next year or two, as operators finalize their policy server decisions and begin deploying advanced services over their high speed broadband networks, we expect to see some fluidity around the vendors included in this survey. Smaller vendors such as Kabira are rapidly gaining traction in the market, while larger suppliers, such as HP, are either launching policy offerings or repositioning their policy control capabilities to better integrate with other solutions and initiatives. We believe that there is the potential for M&A activity in this market, as well as the opportunity for new players to stake their claims. ■

LEAD ANALYST/AUTHOR

Shira Levine, Directing Analyst, Next Gen OSS and Policy (Bio)
shira@infonetics.com +1 (408) 583.3381 twitter.com/shiralevine

With 15 years as an analyst and journalist in the telecommunications industry, Shira Levine joins Infonetics Research in April 2009 an accomplished expert in the OSS, billing, and service delivery platform markets. She authors several Infonetics equipment market size and forecast reports on policy servers, service delivery platform (SDP) software and services, and subscriber data management (SDM) software and services, as well as an ongoing series of Continuous Research Service (CRS) notes and surveys on important communication industry players, technologies, and service provider trends.

In addition to deepening Infonetics' current OSS and policy coverage, Shira is expanding it to include emerging topics such as the changing service delivery infrastructure, the evolution of Telco 2.0, the role of integrated communications providers (ICPs), new service models (SaaS, hosted services, third party providers), and new ways for service providers to better leverage their competitive advantages for profit.

Shira speaks at vendor events and tradeshows around the globe, including TeleManagement World and Billing and OSS World, and is a consultant to startups, service providers, manufacturers, and the investment community.

Prior to Infonetics Research, Shira was the Senior Analyst in IDC's Next-Generation OSS and Billing Program, where she expanded the company's coverage and initiated SDP and telecom analytics market reporting. As a senior research analyst with Stratecast's OSS Competitive Strategies practice, she covered the OSS/BSS market and service providers' OSS strategies and requirements. Before becoming an analyst, Shira was Executive Editor of *America's Network* magazine, covering OSS/BSS, network management, service management, provisioning, customer care and billing. She was also the Editor of *Telecom Investor* and senior editor at *Telephony* magazine, where she covered the cable TV and telco video markets and regulatory events, including the pivotal Telecommunications Reform Act of 1996.

Levine holds a BA in Classics from Amherst College and an MSJ from the Medill School of Journalism at Northwestern University. She is based out of Infonetics' Boston Metro office in Massachusetts.

SALES

Larry Howard, Vice President
larry@infonetics.com, tel: +1 408.583.3335 fax: +1 408.583.0031

Scott Coyne, Sr. Account Director - Eastern N. America, Europe, Middle East
scott@infonetics.com, tel: +1 408.583.3395 fax: +1 408.583.0031

ABOUT INFONETICS RESEARCH

Infonetics Research is an international market research and consulting firm serving the communications industry since 1990. A leader in defining and tracking emerging and established technologies in all world regions, Infonetics helps clients plan, strategize, and compete more effectively.

SERVICES

- Market Share, Market Size, and Forecasts
- Enterprise/SMB and Service Provider Survey Research
- Continuous Research Services
- Service Provider Capex and Subscriber Analysis and Forecasts
- Consulting, Retainers, and Quick Consults
- Webinar, Conference, and Event Speaking
- Custom Brand and Demand-Side Market Research
- Custom Market Size and Forecasts
- Technology and White Papers
- Competitive Analysis and Due Diligence

COVERAGE AREAS

- Mobile and Wireless
- FMC and Femtocell
- Mobile Backhaul and Microwave
- Service Provider VoIP and IMS
- Broadband
- IPTV and Video
- Next Gen OSS and Policy
- Services and Subscribers
- Service Provider Capex and Subscribers
- Carrier Routing, Switching and Ethernet
- Optical
- Data Center and Storage Networking
- Security
- Enterprise Networking
- Enterprise VoIP and Unified Communication
- Telecom and Datacom Equipment Totals