Vendor Services Review: Amdocs

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Summary

Catalyst

Since forming its new services group in 2013, Amdocs' business has been thriving. Continuing to build on its experience, Amdocs has evolved its service offerings in line with the evolving demands of the telecoms industry, to give CSPs greater agility and flexibility as they move into a digital and cloud-native operating environment. Amdocs' telecoms expertise puts it in a strong position to offer IT services in this vertical, and it is delivering a strong performance against competition from larger players.

Omdia view

Despite the COVID-19 pandemic, Amdocs recorded 2% increase in revenues, at the end of its fiscal year 2020. This performance was driven by growth in its managed services engagements and the accelerated demand from CSPs' to move to the cloud and modernize their systems. Driven by this success, Amdocs is positioning itself as a company with proven capabilities to enable its customers to thrive in the digital economy, with a strong focus on supporting cloud migration and cloud operations strategies.

Understanding that CSPs face multiple challenges regarding cloud migration, especially how to navigate the cloud journey and then operate and manage hybrid IT environments, Amdocs has restructured its go-to-market strategy. The vendor's systems integrations (SI) practices were divided into three areas; consulting, implementation and operations, with each of these offerings supporting its Amdocs Cloud Services offering. By taking this step, Amdocs creates multiple entry points to engage with existing and new CSP customers as they navigate their cloud journeys and drive their digital transformation journeys. The vendor's heritage in addressing complex transformation and its managed services expertise will be critical to driving this strategy. Its recent acquisitions, including Kenzan, projekt202, and Openet will support this strategy, as well as its strategic partnerships with top public cloud services players.

While cloud migration and cloud operations are the key focal points for Amdocs' future customer engagements, Amdocs will continue to pursue other growth opportunities, including improving customer experience and achieving operational efficiency. However, the uncertainty around CSP spending patterns, impacted by market consolidation and the COVID-19 pandemic, will make Amdocs cautious of its prospects across the globe.

Competition will continue to grow as more players come to the fore (especially in new domains such as artificial intelligence (AI) and automation) and as CSPs work with new players and consider insourcing some of their development activities - as they adopt DevOps practices. Continuing to develop and evolve its service offerings - through partnerships and acquisitions - to improve the outcome of its existing engagements will see the vendor maintain its growth trend.

SWOT assessment

Strengths

- Amdocs has over 35 years' experience operating in the communications market and consequently has developed deep domain expertise in delivering, operating and managing hybrid CSP IT environments.

- Its customer base includes CSPs across tiers including tier-1 operators such as Airtel, AT&T, Vodafone, and Telefonica, and CSPs with operations in developing markets, such as America Movil, Globe Telecom, PLDT, and TIM Brazil. Amdocs has continued to extend deals and make new wins with these operators. Airtel, AT&T, Globe Telecom and PLDT are examples of customers where the vendor has continued to grow engagements, especially with respect to cloud migration and support to modernize enterprise businesses.

- Amdocs is one of the top-two IT services companies by revenue in the telco vertical. Amdocs' overall business has seen continuous growth in the last five years; growing by 2% in 2020, compared to 2019, despite the COVID-19 global pandemic. Its services business accounts for over 95% of its revenues.

- Managed services remain a key line of business for the vendor. Despite the global pandemic, the vendor saw its managed services revenue grow by 7% and accounted for 58% of the vendor's overall revenues at the end of its 2020 fiscal year.

Weaknesses

- Amdocs relies on a limited number of key customers, which account for over 65% of its overall revenues in 2020. It depends on one geographical market and one account in particular - North America, which accounts for 65% of its revenues, in which AT&T accounts for 26%. Amdocs is attempting to reduce these dependencies, however, by extending its activities in the rest of the world including Asia-Pacific.

- Amdocs' consultancy and advisory capabilities are perceived to be relatively weaker compared with those of top players such as Accenture and IBM.

- Amdocs' network services business is relatively small (by revenues, based on our *Telecoms Vendor Services Market Share Spreadsheet: Network and IT Services - 2019*) compared to those of other players like the network equipment providers (NEPs) or other services providers like IBM.

Opportunities

- Amdocs' move to support CSPs' migration to the cloud will see the vendor strengthen its engagements with CSPs as cloud adoption rate increases. CSPs require vendor support to transition not only applications to the cloud but make the shift in operational practices to manage applications within cloud native environments.

- Amdocs has formed strategic partnerships with the top 3 public cloud service providers which will strengthens Amdocs' cloud services strategy as CSPs deploy workloads to hybrid and multi-cloud environments.

- Amdocs' acquisitions –cVidya, Kenzan, and projekt202 and the recent acquisition of Openet and TTS Wireless – will give the company access to customers in high-growth markets and enhance its capabilities in delivering digital transformation, cloud and 5G projects.

- Recent wins involving the management of non-Amdocs products, as seen with PLDT and Three UK, stand as proof of the company's multivendor capabilities. These wins can create opportunities for the vendor to extend current engagements with other customers.

Threats

- The telecoms IT and services sector is becoming increasingly crowded with companies that have deep pockets and are investing heavily, such as Accenture, Huawei, IBM, and NEC/Netcracker. The top three webscalers, also pose a significant threat to Amdocs given they are aggressively pursuing partnership strategies with other ISVs and services providers; thereby increasing their influence in the CSP market. Amdocs may struggle to match their scope and scale as it chases new opportunities in the cloud space.

- Recent M&A activities within the industry threaten Amdocs' market performance in key markets – US and Europe. Divestment of assets following the merger between T-Mobile US and Sprint is likely to slow down buying decisions and reduce spend. In addition, the increased market consolidation in Europe, could also impact on current growth opportunities as *Omdia's Communications Provider M&A – 3Q20 Review & Outlook* reports that Europe records the highest number of M&A transactions with Fixed Mobile Convergence (FMC) being the key driver.

- Insourcing of application development and management capabilities by some of the top tier CSPs could impact on Amdocs' market outlook as they take advantage of DevOps practices.

Company background

Organization

Amdocs provides software and services to communications and media service providers. Its core software products sit within the operations and business support systems (OSS/BSS), network control and management domains. Most of its contracts include professional services, such as application development and maintenance, SI, and managed services. The vendor is banking on digital transformation and cloud migration trends (both in the customer and network domains) in its strategic markets to grow its business. Amdocs now has a focus on the cloud – with a goal of enabling customers to transition to the cloud – including technology, people and processes.

Established in 1982 as an automated telephone directories business, Amdocs became a semblance of the company we know today when, in 1993, it developed a Unix-based billing and care offering called Ensemble. The vendor subsequently grew Ensemble to support a broader BSS portfolio, and in 1998 it became a public company. It acquired Nortel's Clarify (and its CRM solution) in 2001 and Cramer Systems' OSS solution in 2006. These, plus the other recent acquisitions detailed in **Table 1**, form the AmdocsONE

portfolio, which delivers online service and support systems to communications and media service providers.

Table 1: Companies acquired by Amdocs since 2007

Company acquired	Specialization	Date
BI Telecom	Systems integration provides development, testing and operations in Russia	September 2020
Openet	5G charging and policy management solutions	August 2020
Big Nerd Ranch	Training services in application design and development. Acquired via project202.	June 2020
Telecom Technology Services Wireless	Network planning, optimization and software enabled solutions	August 2019
UXP	Digital identity for user lifecycle management	February 2018
Vubiquity	Premium content services and technology solutions	February 2018
projekt202	Experience-driven software design and development	November 2017
Kenzan	Customized solutions focused on delivering digital transformation, platform-as-a-service, and cloud-native application development using DevOps and microservices	July 2017
BriteBill	Personalized billing communications delivered over multiple channels e.g. social, on-device, retail	September 2016
Pontis	Personalized and contextual customer engagement solutions	September 2016
Vindicia	Software-as-a-service (SaaS) subscription management and payment solutions to generate new revenue streams and business models	September 2016
cVidya	Revenue assurance and fraud management solutions	January 2016
Comverse BSS assets	Converged, prepaid, postpaid, and Kenan billing assets	July 2015

Utiba	Mobile financial services	March 2014
Celcite Management Solutions	Network management and self-optimizing networks services	November 2013
Actix	Radio access network analytics and optimization	September 2013
Bridgewater Systems	Service controller, policy controller, and home subscriber server, anchored by a common identity and device management system	June 2011
Streamezzo	Application development	June 2010
MX Telecom	Mobile payments	March 2010
jNetX	Service delivery platform	October 2009
ChangingWorlds	Personalization and intelligent portal solutions for mobile service providers	November 2008
Jacobs Rimell	Service fulfillment	April 2008
SigValue Technologies	Prepaid billing for mobile operators	January 2007

Source: Amdocs, Omdia

Acquisitions have played a critical role in bolstering Amdocs' position and expertise in the CSP and media markets. The vendor has acquired 23 businesses spanning digital transformation capabilities (in consulting, design and development), billing, revenue assurance, TV and media capabilities. While some of these assets are integrated into the broader Amdocs business, others like Vindicia, Vubiquity and projekt202 are run as separate businesses to ensure business continuity, especially outside of Amdocs' traditional CSP market.

Recent acquisitions are strengthening the vendor's 5G and cloud strategy. Kenzan, a cloud services company is enabling Amdocs' current cloud strategy given its expertise in digital transformation and cloud, cloud-native application development and technology strategy and consultation. Big Nerd Ranch, was acquired by projekt202 to extend its experience-driven software design and development capabilities to deliver training services. Amdocs can leverage this capability to train its CSP customers on how to develop, operate and manage applications within cloud environments. TTS Wireless is an important addition to Amdocs' Open Network solution offering; enabling Amdocs to execute on its strategy to deliver end-to-end 5G solutions to CSP customers. With these assets, Amdocs can fortify its position in the telecoms services market.

Financials

At the end of its 2020 financial year (which ran from October 1, 2019 to September 30, 2020), Amdocs reported revenues of $4.2bn, growing at about 2% compared to fiscal year 2019. Despite the global pandemic, the vendor continued to see revenues increase, with growth in 2020 driven by managed services offerings. Revenues from managed services grew by 7% and accounted for 58% of overall revenues – the largest proportion recorded since Amdocs commenced operations.

Services accounted for about 95% of Amdocs' total revenues, and Omdia estimates that the remaining 5% is attributed to software licenses for on-premises and cloud-based products. The vendor sells few standalone products, with most customers purchasing a service or maintenance contract with the software.

North America remains by far its largest region, accounting for 65% of its revenues in 2020 (up from 63% in 2019). The region is also home to one of its largest account, AT&T, with the CSP accounting for 26% of Amdocs' 2020 revenues. Revenues from DirecTV, following its acquisition by AT&T, are included in the total revenues attributed to AT&T. Europe accounted for 15% of its revenues, which is same as the proportion reported in fiscal year 2019.

The vendor's operations in the rest of the world (ROW) has declined slightly (in terms of proportion of revenues coming from ROW). The proportion of revenues from ROW was 20% (down 2 pp from 22.1% in 2019). Amdocs has, however, continued to see growth in the Asia-Pacific region which has contributed to the growth that the vendor has seen in previous years in the ROW markets.

The vendor expects total revenue growth of 4–8% in fiscal year 2021; taking into account about 1.5% growth from acquiring Openet. They, however, consider that the COVID-19 pandemic and the aftermath of M&A activities (for example T-Mobile US and Sprint merger) could impact its expected revenue growth performance.

Positioning in services

Current positioning

Amdocs has grown out of traditional billing, customer care, and OSS products. Its core strength is BSS, but, with its assets in OSS, DevOps, microservices, AI, analytics, automation, and integration and cloud migration solutions, it offers an extended set of solutions. Amdocs' offerings (captured within its AmdocsONE portfolio) enables the vendor to support service providers in the communications and media markets as they transform into becoming digital service providers (DSPs).

The AmdocsONE brand encompasses all its products and services that addresses service providers' critical business needs using a suite of open and modular business solutions. It also leverages cloud-native microservice technologies for high-velocity time-to-market for its products and services.

Amdocs' product suite, CES20, offers core revenue management, customer management, and operational support systems as shown in **Figure 1**.

1. Figure 1: CES20 portfolio

Source: Amdocs

CES20 runs on the vendor's Microservices360 platform which centrally packages, tests, manages and deploys its cloud-native products to any cloud or on-premise environment. Amdocs Microservices360, is used together with DevSecOps and Site Reliability Engineering (SRE), to help speed new products and services to market with a fast code-to-production cycle. It is an enabler for Amdocs' customers to fully adopt microservices and continuous integration/continuous delivery (CI/CD) methodology; to gain IT agility and flexibility required to adapt to changing business needs.

Services portfolio

Amdocs formed what is now Amdocs Services in 2013 to encompass its entire services and operations portfolio. Amdocs Services play a key role in the overall AmdocsONE solution set with a primary focus on driving agile services and operations for communications and media service providers. These services ensure that the service providers can launch new services quickly and easily, while ensuring that existing operations can support these initiatives and provide a seamless customer experience.

The vendor's key service offerings include consulting, implementation, operations and data and intelligence services. In July 2019, Amdocs announced that it would create distinct practices from its systems integration practices to pursue new strategic opportunities, especially around the cloud.

As a follow up to this announcement, Amdocs integrated its Kenzan asset (acquired in 2017) into the Amdocs Services offering to differentiate from its IT services peers. Kenzan's cloud (consulting and migration), cloud-native development and technology strategy, leveraging DevOps and DevSecOps, now form the foundation of the Amdocs Consulting Services capabilities.

The core offerings delivered by Amdocs Services' practices are summarized in **Figure 2.**

2. Figure 2. Amdocs Services Portfolio

Source: Amdocs

Amdocs Consulting Services

The consulting/advisory arm covers business domains such as risk management, financial controls, customer experience improvements, customer care, and digital transformation strategy. It offers additional consulting services to ensure a seamless end-to-end offering throughout a project's life.

Amdocs provides two key services under Amdocs Consulting Services, including cloud and digital transformation consulting and user experience design consulting. For both service lines, Amdocs works with the customer to define a strategy to either migrate to the cloud or build a brand and customer experience strategy.

Amdocs Implementation services

Amdocs offers development and deployment services to execute an agreed strategy. These implementation services include:

- **Experience and Design Services**: Services provided include web, mobile and e-commerce design and development, Experience Snapshot and Health Check and user interface transformation.

- **One ADM**: This is an Amdocs specific development methodology which looks at improving the quality of code and the entire delivery process. One development team, with a large pool of expertise is involved in the lifecycle of every customer account. The team assumes a higher level of accountability, with end-to-end accountability for the entire code and shorter feedback loops.

- **Integration Services**: leverages Amdocs integration platform as a service (iPaaS) platform to bridge digital channels and partner solutions with legacy back-end systems. The Amdocs iPaaS platform supports a variety of use cases including cloud migration, partner integrations and data migration.

Amdocs Quality Engineering

These services provide a range of specialized and automated testing services. Amdocs' Quality Engineering service leverages Amdocs' DevTestOps approach, which shifts testing into the development and operations

activities and completes the loop by feeding production data intelligence back into testing activities. These services can be defined for four quality testing domains: quality of processes, experience, next-gen technology and operations. It's quality of operations testing domain utilizes AI-driven automation to ensure reliable, scalable, and seamless performance of operations across environments.

Amdocs Quality Engineering is driven by its 36ONE platform. Amdocs 36ONE includes multiple automation and analytics tools that support continuous QA processes including:

- **Amdocs BEAT:** A cloud-based testing framework that serves as a repository of the company's testing methodologies, tools, and best practices.

- **Amdocs BEAT GINGER Automation framework:** An open source tool for automating Unix, Mobile, Java, and web services and other platform application tests and flows; enabling continuous testing across all software delivery lifecycle stages.

- **Amdocs Mobile Quality Lab:** A cloud-based testing environment that allows CSPs to test new mobile offerings and Wi-Fi strategies remotely on a wide variety of mobile devices and operating systems.

The vendor has realigned its testing processes in line with the expectations of the agile DevOps process flow. For every development project (internal or external), the vendor creates the minimal testing variable (MTV). With this approach, development can be scheduled to follow an iterative process that is testable. The testing process can then be automated and set up to occur immediately after each development phase. With this approach, testing processes are conducted efficiently and at a faster pace; enabling faster rollout of new capabilities.

Amdocs Operations Services

These are Amdocs' managed services offerings delivered via Amdocs' Global SmartOps division. These services are offered across hybrid environments – on-premise and/or cloud and include monitoring, diagnostics and visualization services, L1 production operations, L2 application operations and L3 application maintenance. Amdocs Global SmartOps uses a data-driven approach to maximize value generation from operations. Some of the capabilities include machine learning, predictive analytics, self-healing, and continuous business-value improvement.

These capabilities are backed by the vendor's atomIQ platform, a data-oriented platform incorporating AI and predictive analytics as key components of its services roadmap. The atomiQ platform consists of a set of tools that can give CSPs end-to-end view of the entire operations. Examples of these tools include; monitoring and intelligent analysis, collaborative automation platform and auto ticket resolution

There are two service types offered under Amdocs Operations services and these include:

- **Business process services** – handles and optimizes processes such as order-to-activation and request-to-solution. These services are delivered regardless of the underlying IT infrastructure (Amdocs or non-Amdocs).

- **cVidya Business assurance services** – includes a suite of solutions such as revenue assurance, and fraud management that are supported by AI capabilities to predict and mitigate risks while optimizing customer experience. These services cover the business assurance lifecycle including acquisition, behavior and care.
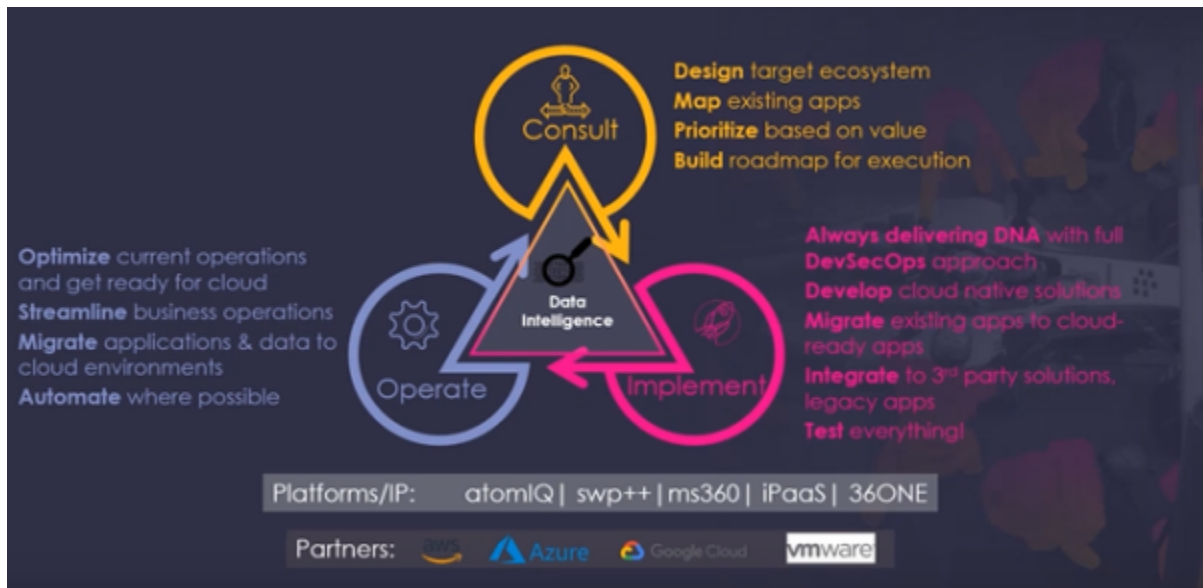
Data and Intelligence Services

Amdocs' Data and Intelligence Services includes offerings designed to help CSPs become data-driven organizations. Amdocs utilizes its IP, industry expertise, and proprietary TM Forum-certified logical data model to provide an end-to-end service solution (including consulting, implementation and operations) across the most important stages of CSPs' data and intelligence lifecycle. These include;

- **IntelligenceONE solution** – an analytics services which spans multiple business areas with use cases for customer, product, sales, inventory, retail, care and finance.

- **Data Privacy and Governance services -** protects customer data, both in data stores and the applications that use the data.

- **Data Science as a service** – services delivered based on AI/ML models that are trained and optimized to understand CSP KPIs and attributes.

- **Data Intelligence Marketing Services** – consulting services to help service providers leverage their data analytics to improve their business results.

- **Amdocs Self-service Workbench** - leverages automated ML to enable CSPs to quickly identify trends and analytics in their data and use these insights to optimize business processes. It also enables data democratization to enable any business user to perform their own AI-driven analytics; reducing the time to insight and value.

- **Amdocs Data Hub and Intelligence services** – deploys Amdocs' Hadoop-based data management platform (Amdocs Data Hub) and uses its Amdocs Logical Data Model to provide customers access to the data it holds. Amdocs can also help configure automated data collection from OSS/BSS and network systems to provide real time data access.

Amdocs Cloud services

The Amdocs Cloud services offering was recently introduced to the Amdocs Services portfolio to support service providers' cloud migration and operations. Amdocs recognizes that the cloud migration journey involves more than implementing new cloud native solutions. Existing systems, processes, skills and company culture will need to be transformed. Consequently, Amdocs has launched its Amdocs Cloud Services portfolio to seize opportunities to enable CSPs as they embark on their cloud journeys. This is summarized in **Figure 3** below.

3. Figure 3. Amdocs Cloud Services Portfolio

Source: Amdocs

Amdocs Cloud Services supports both Amdocs and non-Amdocs products (including custom built applications) and are offered across Amdocs' four key service areas; consulting, implementation, operations and data and intelligence.

Cloud Consulting Services

These services prepare Amdocs' customers to migrate to the cloud. It's a cyclical journey that begins with identifying applications that can be migrated to the cloud, how and when to migrate them. These services consider the inter-relationship between applications and the value migrating them to the cloud would bring to the customer. Examples of services delivered include:

- **Cloud Strategy**: involves building an end-to-end strategy including assessing systems and architecture, creating a cloud migration roadmap – looking at each application and training and upskilling of staff to operate systems in the cloud.

- **Domain Modelling**: includes workshops to align the needs of technical and business teams with the cloud journey.

- **Application assessment**: assesses each applications' readiness for the cloud as well as the feasibility, cost and value – to determine the best migration path and timing.

Cloud Implementation Services

With a cloud migration strategy in place, Amdocs leverages its systems integration expertise to implement the plan. This includes deploying new cloud-based applications (Amdocs and non-Amdocs products), integrating partner solutions and migrating existing applications to the cloud (including redesign, re-platforming, or simply a lift and shift to the cloud). **Figure 4** summarizes the paths that could be taken to execute these implementation services.

4. Figure 4. Amdocs Cloud Implementation Services pathways

Migration and modernization	• Application migration: Amdocs builds a cloud readiness assessment of CSP's current technology and organization to establish timelines, migration frameworks and learning paths. • Cloud migration implementation: works with the organization to develop the right migration path and teams' roles in ensuring success. • CI/CD automation: involves defining automated processes from development through to production.
Cloud native development	• Centre of Excellence: to provide best practices, support, documentation and training to align teams and standardize processes to support migration. • Team acceleration: includes training, skills and development to enable CSP teams learn new languages, design and development practices for the cloud.
Delivery of Amdocs' cloud native products	• Design-led and customer-focused approach: starts with CSP's most urgent customer needs and pain-points , to identify what should be delivered and how. • Execute in small iterations: dividing projects into minimum viable solutions (MVS), then minimum testable value (MTV), with iterative addition of functionality to deliver continual business value. • Technology and automation enablers: These are standard Amdocs tools used by all teams that leverage automation where required. Example include Amdocs' SWP++ and Microservices 360.
Integration services	• Powered by Amdocs iPaaS, leverages pre-packaged TM-Forum connectors and open APIs to ensure smooth and fast integration across the hybrid ecosystem.
Testing services	• Offered via Amdocs Quality Engineering to ensure all offerings meet CSP requirements. Tests include feature, performance and security testing

Source: Amdocs Services

Cloud Operations Services

Amdocs SmartOps services teams take full responsibility and accountability for service providers' hybrid IT environment. Amdocs utilizes an automation platform as well as DevOps tools and governance layers to help customers gain visibility of application performance. Services offered covers four key areas including Cloud Admin, CloudOps CoEs, Cloud Security, DevOps, and FinOps. A further breakout of these services is included in **Figure 5**.

5. Figure 5. Amdocs Cloud Operations Services portfolio

Source: Amdocs

Business process services (same as those defined under Amdocs Operations Services) are also delivered to optimize business processes such as order to activate and request to resolution with the cloud or hybrid IT environment.

Cloud Data Services

These services target CSPs' data infrastructure with a view to address the rapidly changing data storage and processing requirements. Services provided include data management modernization solution, and A3 (Automation, Analytics and AI) based solutions.

Global service delivery

Amdocs' global service delivery and support model, coined "truly global operation", is a network with centers worldwide that support and manage its customers' mission-critical high-volume systems, infrastructure, and processes. The centers offer 24x7 support and guaranteed business continuity,

leveraging Amdocs' best practices worldwide and industry standards such as eTOM and ITIL. The centers use monitoring tools to manage Amdocs, legacy, and third-party vendor systems.

Amdocs has seven global centers that are interconnected and work on a central, unified platform, sharing and exchanging best practices. In addition to its global hubs, Amdocs has seven regional service delivery and operational centers. All centers, global and regional offer level-1 and level-2 support, and some offer level-3 support, depending on their location. **Table 2** provides further information on Amdocs' service delivery centers.

Table 2: Amdocs' services business: scope and scale

Scope	**Scale**
Countries with presence	85
Regional centers of excellence/competence	Champaign, US; Pune, India; Galilee, Israel
Location of global service delivery/operational centers	Pune, India; Galilee, Israel; Champaign, US; Montreal, Canada; Sao Carlos, Brazil; Manila, Philippines; Guadalajara, Mexico
Location of regional service delivery/operational centers	Melbourne, Australia; Santiago, Chile; Seattle, US; Maastricht, Netherlands; Moscow and Penza, Russia; Vietnam; London, UK; Cyprus
Total service employees (Omdia estimate, pre-Comverse)	17,000
Subscribers under management	Over 650 million
Professional services projects	2,500, including multi-vendor projects

Source: Omdia

Some of these global and regional delivery/operational centers include specific functions and assets:

- Development centers – located in India, Brazil, Israel, Cyprus, Ireland and the Czech Republic

- Operations and data centers - located in the United States, India, Canada and Australia.

- Amdocs Managed Services Center of Excellence (CoE) – located in United States and India. These CoEs support a significant number of managed services projects. The CoE for example is a multi-customer end to end outsourcing organization that provides a complete portfolio of hosting-related services.

Positioning relative to the competition

Amdocs' competition comes from several sources, including:

- IT service providers (providing services such as consulting, SI, and managed services) such as Accenture, Atos, Cap Gemini, Cognizant, HPE, IBM, Infosys, Tech Mahindra, and Wipro.

- NEPs such as Nokia, Cisco, Ericsson, Huawei, NEC/Netcracker, and ZTE. These players all see BSS, OSS, big data analytics, consulting, SI, and professional services as natural extensions of their networking portfolios.

- Software vendors entering the telecoms vertical such as Oracle, Salesforce, Vlocity and SAP. Competition in the digital commerce software and solutions space is getting fiercer.

- CSPs' in-house IT and network departments, as most operators, especially the top-tier CSPs, are looking to insource capabilities such as application development and management given the adoption of DevOps and associated practices like CI/CD.

- Open source product providers, as CSPs have an increasing appetite for open source in a bid to avoid vendor lock-in and achieve standardization.

Amdocs' focus on 5G and cloud will see the vendor still compete with the same players including Accenture, Infosys, and Tech Mahindra.

There are far fewer specialist OSS/BSS vendors since Comverse, Convergys, Orga Systems, and others were partly or wholly acquired. However, network and IT domains continue to converge, and software-defined networking (SDN) and NFV have moved front and center of CSPs' plans to be more agile, virtualized digital enterprises. Vendors must therefore demonstrate that they have a comprehensive range of ICT services and that they can manage broad range of CSP services and operations supported by both on-premises and cloud deployments.

Figure 6 shows that Amdocs was the second-largest provider of IT services to CSPs in 2019. Amdocs has maintained this position since 2015, however its market share has increased over this period. Omdia expects Amdocs to hold or improve this position over the next 12–18 months, given the continuous evolution of its services portfolio.
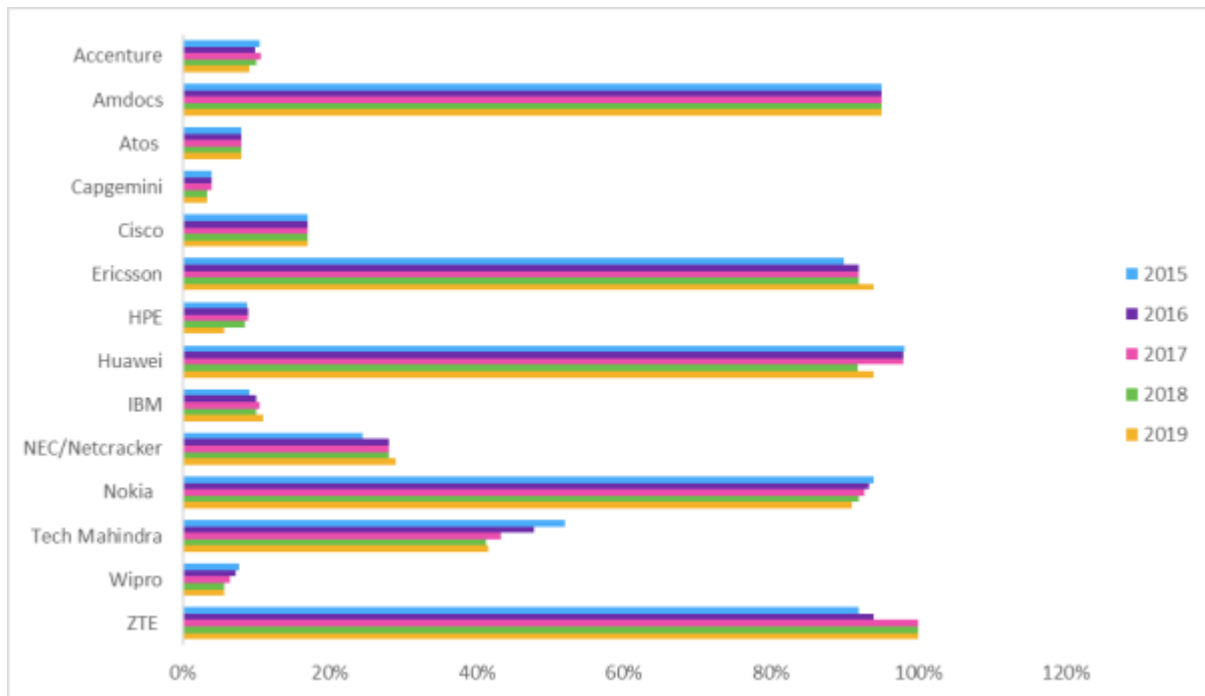
6. Figure 6: IT services vendors' revenue market share in the telecoms vertical, 2019
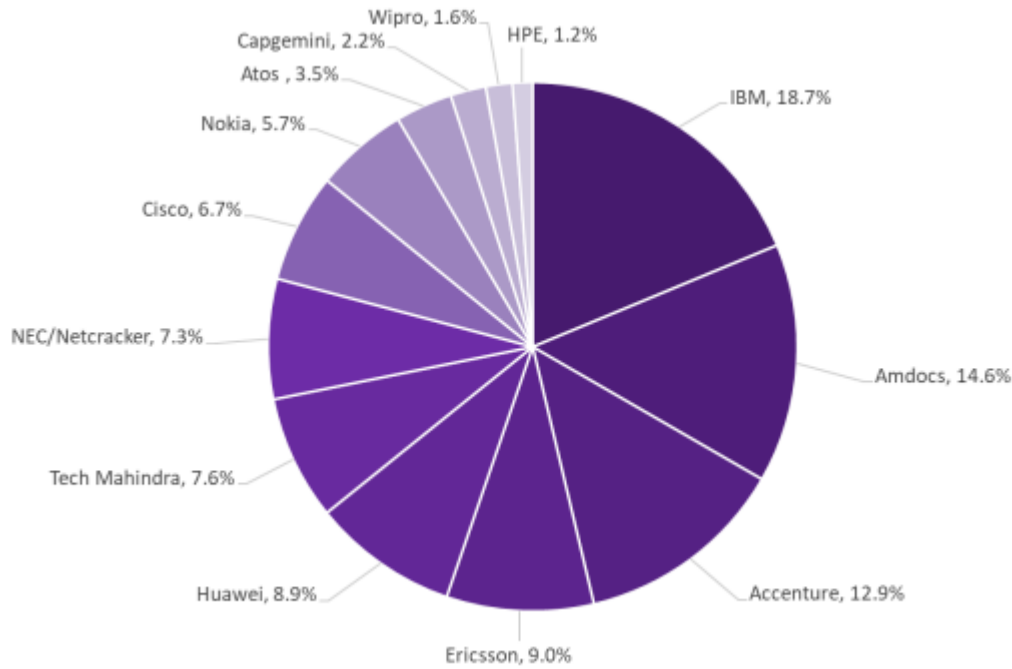
Source: Telecoms Vendor Services Market Share Spreadsheet

Figure 7 indicates that 95% of its total services revenues come from the telecoms vertical. In the last 5 years, Amdocs has consistently recorded this proportion of revenues for services, demonstrating the core role of telecoms services in the vendor's business strategy.

7. Figure 7: Vendors' share of service revenues from the telecoms vertical, 2015–19

Source: Telecoms Vendor Services Market Share Spreadsheet

According to Omdia's *Telecoms Vendor Services Market Share Spreadsheet: Network and IT Services – 2019*, the largest proportion of Amdocs' services revenues comes from telecom IT applications services. The vendor also takes the largest share of revenues in the entire telecoms IT application services segment, at 15.50% (see **Figure 8**).

8. Figure 8: IT services vendors' revenue market share in the telecom IT application services segment, 2019
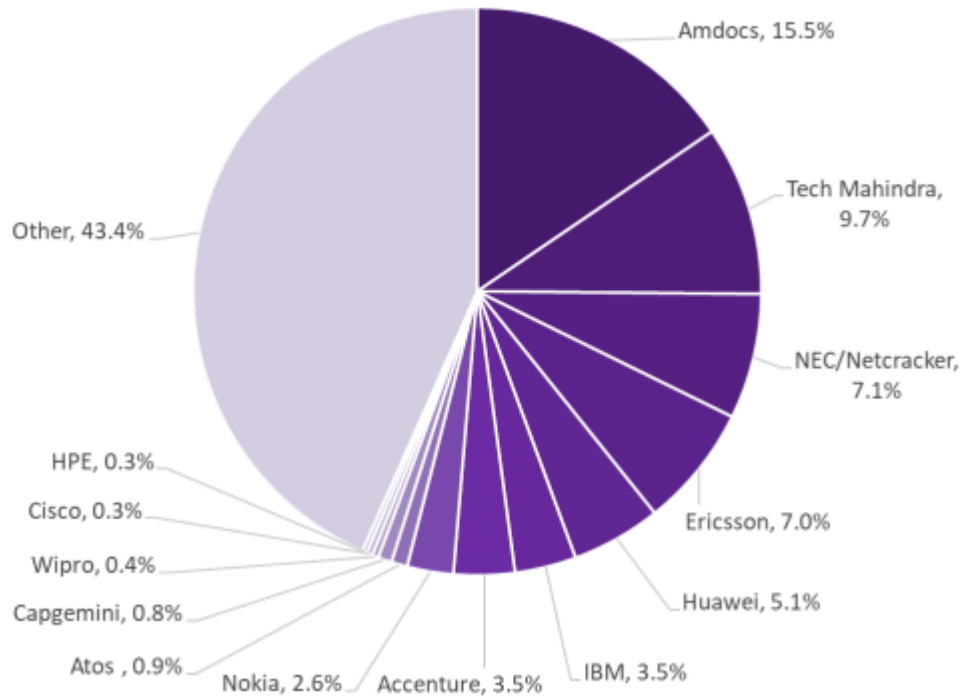
Source: Telecoms Vendor Services Market Share Spreadsheet

Projects and clients

Amdocs' goal is to target CSP and media industry players with solutions that enable digital transformation leveraging the cloud. Key to its business strategy is extending engagements with existing customers. Amdocs' recent contract wins demonstrate how the vendor is executing on this strategy.

In fiscal year 2019 and 2020, Amdocs signed several multiyear services agreements across the globe, including with A1 Bulgaria, Altice Portugal, AT&T, Comcast, Vodafone, PLDT, Telefonica, and Globe Telecom.

Despite the global pandemic, the vendor won deals and executed several migration projects including Vodafone Idea, that migrated its postpaid customers to Amdocs' digital monetization system during the pandemic.

Recent acquisitions are already generating wins for the vendor including Openet, which Amdocs' long-term customer, AT&T recently signed a deal to purchase Openet's 5G monetization solution.

Another key trend in Amdocs' contracts wins in the last two years is the number deals associated with transforming CSPs' enterprise services business units. As more enterprise customers move to the cloud and increase their use of digital channels, CSPs see a need to transform how they engage with the customers to ensure they align with their evolving needs. With more customer activities associated with Enterprise service units, Amdocs is demonstrating its capabilities to support CSPs' in this crucial transformation journey, that's critical to monetizing 5G investments.

Key services announcements made between 2019 and 2020 are included in the following:

- **Vodafone Romania**: announced on December 7th, 2020, a collaboration with Amdocs to develop a digital experience platform for its retail experience. The project involved moving several key components and capabilities into the AWS cloud.

- **Telefonica Movistar Chile**: Amdocs announced on December 01st 2020, a multiyear extension and expansion of their strategic partnership with Telefonica Movistar Chile. The CSP is extending its managed services deal with Amdocs and has included copper-based wireline services as part of the engagement. Consequently, Amdocs's digital platform will support and manage wireless and wireline services for the operator. The CSP also launched Amdocs' cloud based eSIM management solution which builds on a previous deal announced in 2019 to advance the operator's digital transformation initiatives in Argentina and Chile.

- **Airtel:** on November 10, 2020, signed a new multi-year agreement with Amdocs to migrate its postpaid mobile and broadband customers to Amdocs' digital business system under the managed services model. The CSP will be using Amdocs' Smart Operations platform to digitize Airtel's application operations such as application delivery and support.

- **Telefonica Brazil:** on September 20, 2020, signed an extended multi-year managed service deal with Amdocs to support VIVO NEXT postpaid and FTTH consumer business.

- **Vodafone Idea:** on July 27, 2020, announced it had migrated its postpaid customers to Amdocs' digital monetization system. Most migrations occurred remotely due to the pandemic, leveraging best practices and tools from Amdocs.

- **PLDT:** on July 13, 2020, PLDT extended its six-year managed services deal with Amdocs (previously signed in 2018) to include it enterprise services business. The deal involves consolidating its OSS systems across consumer and enterprise services to automate provisioning time to reduce order to activate time and sales cycles.

- **Three UK:** on June 30, 2020, Three UK announced a partnership with Amdocs as its prime systems integrator, in a multi-year managed services deal to build an Omni Channel digital business system to grow its B2B services in the UK. This deal follows a managed transformation deal signed in November 2019 to consolidate its IT infrastructure, the operational management of over 50 non-Amdocs solutions and the digitization of customer engagement.

- **Comcast**: on November 10, 2020, Comcast Business announced it is leveraging Amdocs' software and services to transform its customer experience. In August 2019, the CSP had signed a multi-year managed services agreement of hosted operations with Amdocs to support its Xfinity Mobile service. The Amdocs and Comcast DevOps teams work together to launch mobile offers and provide service enhancements leveraging Amdocs' platform.

- **Globe Telecom:** announced on May 7th 2020, that it had selected Amdocs' CatalogOne and DigitalOne solutions as part of multi-vendor project to transform its enterprise service operations. Amdocs' solution is being deployed on the public cloud and managed by Amdocs under a multi-year managed services agreement. This deal follows a previous multiyear Intelligent Operations services contract where Amdocs, as lead SI, assisted Globe in managing third-party systems and cloud management solutions.

- **Bell Canada**: announced on February 04th 2020 that they had partnered with Amdocs to implement RevenueONE, from Amdocs CES20 suite running on the Microservices360 platform. This deal builds on a long-standing managed services relationship with Amdocs.

- **AT&T**: on November 12th, 2019, announced an expansion to its Strategic Alliance with Amdocs. They extended their collaboration to modernize and upgrade AT&T's digital business support systems under a multi-year managed services agreement.

- **Altice Portugal**: Amdocs announced on September 5th, 2019, that it has signed a strategic digital transformation agreement with Altice Portugal. Amdocs will help Altice Portugal centralize, automate and digitize operations across its wireless, wireline, broadband Internet and television lines of business, for both consumer and enterprise customers.

Partners

Amdocs has indicated that it has more than 120 partners, including large software providers such as IBM and HP, SIs such as Atos and Virtusa, niche software companies such as Q-nomy, and vendors bringing regional or industry-specific skills such as Adobe.

Amdocs runs partnership scheme, called Align Partners Program to develop and foster its relationships with software and technology companies, systems integrators, and consulting organizations. The Amdocs Align Partners Program cuts across multiple domains, including digital, cloud, network and NFV, cybersecurity, media and entertainment, IoT, data intelligence and mobile financial services. It ensures interoperability among Amdocs' software portfolio, business processes, third-party software applications, and hardware.

The program offers two relationship levels: Strategic Partners and Partners. The partner type defines the scope of the relationship.

Strategic Partners

These partnerships are with selected industry leading companies, with broad global reach and/or a service or product portfolio that compliments and aligns with Amdocs' offerings. They typically involve joint marketing, training certification and go-to-market initiatives; joint account planning and regional sales workshops with a dedicated sales and business focal point; joint demo and Lab integration and a value-added reseller agreement in place.

Examples of companies involved in strategic partnerships with Amdocs include:

- Amazon Web Services (AWS) with the AWS-Amdocs Contact Center and the Amazon Connect cloud based omnichannel solutions deployed on AWS.

- Microsoft with Amdocs' ONAP solution installed and managed on Azure, Amdocs Data Hub and self-service visualization and reporting hosted on Azure. Domains covered by both partnerships include data, AI, automation. Other Amdocs solutions deployed on Azure include Amdocs' eSIM solution, SDWAN-as-a-service.

- Google Cloud Platform (GCP) with Amdocs' digital solution running on GCP's Anthos to deploy solutions across hybrid and multi-cloud environments. Other focus areas include 5G edge computing, data and analytics, and Site Reliability Engineering.

Partners

These partnerships are with companies where the partner operates within the wider Amdocs ecosystem. Joint business is more opportunistic and based on market demands. These partnerships will typically include joint marketing and go-to-market initiatives and can include commercial relationships. Examples of

companies involved in these partnerships include; Lightico, Creatio, Panorama, SecuPi, Continual and Resolve.

Amdocs Enreach Partnerships

Amdocs Enreach is an additional program targeted at seed-bed innovation. It draws on an ecosystem of startup companies that complement Amdocs' offering to help telcos reduce their offer design and delivery times.

Appendix

Methodology

This report was written following executive briefings with Amdocs in July and December 2020. This engagement included further bespoke briefings, industry events, webinars, and secondary research. The report also utilizes Omdia's ongoing research into the global telecoms market.

Further reading

Telecoms Vendor Services Market Share Spreadsheet: Network and IT Services - 2019 (November 2020)

Omdia's Communications Provider M&A – 3Q20 Review & Outlook (November 2020)

Vendor Services Review: Ericsson (November 2020)

Vendor Services Review: Nokia (December 2019)

Vendor Services Review: Huawei Technologies (August 2019)

Vendor Services Review: Wipro, IT0012-000194 (February 2017)

Vendor Services Review: Tech Mahindra, IT0012-000190 (January 2017)

Vendor Services Review: Infosys, IT0012-000182 (November 2016)

Vendor Services Review: Accenture, IT0024-000123 (February 2015)

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