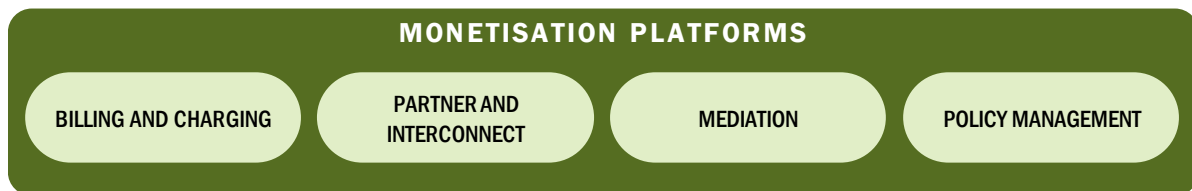# Operator spending on monetisation platforms declined by 3% in 2017, but 5G will drive demand

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Communications service providers (CSPs) must be able to monetise emerging and existing services, particularly as they continue to evolve from providing basic connectivity services to providing digital services. Monetisation platforms, which include systems for billing and charging, partner management and interconnect, policy management and mediation (see Figure 1), enable CSPs to ensure effective monetisation by tracking service usage, aggregating records, computing charges, producing bills and processing payments. These systems are fundamental to CSP operations and are crucial to ensuring a seamless customer experience.

Figure 1: The monetisation platforms segment and its constituent systems

MONETISATION PLATFORMS

| BILLING AND CHARGING | PARTNER AND INTERCONNECT | MEDIATION | POLICY MANAGEMENT |

Source: Analysys Mason

This article summarises key findings from Analysys Mason's *Monetisation platforms: worldwide market shares 2017*, which provides data for CSP spending on telecoms-specific monetisation software systems and related services.

CSP spending on monetisation platforms declined because the segment is mature and CSPs were prioritising other investments

Spending on monetisation platforms accounts for the largest proportion of CSP investments in telecoms software systems. CSP spending in the monetisation platforms segment declined by 3% in 2017 compared to the previous year. This decline occurred for two main reasons.
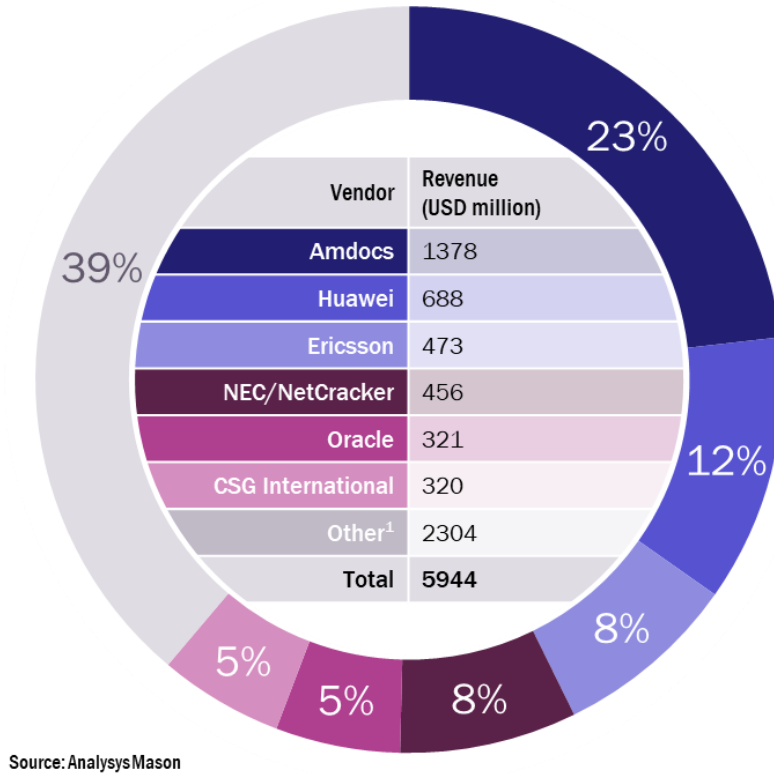
- The maturity of the segment – CSPs were able to continue with existing monetisation platforms and were able to resist investing in new ones.
- The growing emphasis on new network deployments driven by the impending launch of 5G in some developed markets.

These factors contributed to the challenging conditions, which resulted in the product-related investments in the monetisation platform market shrinking by 4.6% year-on-year. This led to some consolidation among the key vendors in the monetisation platforms market and the top-six vendors increasing their share by one percent. However, of the top-six vendors by product revenue (see Figure 2), only Amdocs, CSG International and NEC/NetCracker registered year-on-year growth, while revenue for Ericsson, Huawei and Oracle declined.

The spending on professional services related to monetisation platforms declined by 2.3% year-on-year. Software delivered using the public cloud as a SaaS model continues to be an increasingly popular delivery model for selected niche use cases. For mission-critical, real-time use cases, CSPs prefer on-premises or private cloud deployments. Most CSPs are not ready to embrace continuous integration/continuous delivery (CI/CD)

models, which is hindering the adoption of microservices-based architecture frameworks. The number of CSPs that are experimenting with DevOps models increased in 2017 with most using small teams to work on niche use cases.

Figure 2: Monetisation platforms product-related revenue by vendor, worldwide, 2017[1]

Vendor	Revenue (USD million)
Amdocs	1378
Huawei	688
Ericsson	473
NEC/NetCracker	456
Oracle	321
CSG International	320
Other[1]	2304
Total	**5944**

Source: Analysys Mason

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[1]   Significant vendors in the 'Other' category include: AsiaInfo, CGI Group, Comarch, DigitalRoute, Hewlett Packard Enterprise (HPE), Nexign, Nokia Networks, Openet, Optiva and ZTE.

Other key highlights from 2017

- **Digital transformation** continues to be the overarching theme that influences the transformation of telco monetisation systems. Digital transformation often has a broad scope and is increasingly cross-departmental, which means budget approvals often reside with the board of directors or the executive team and therefore take time. Many leading CSPs are focusing on new network deployments, which has slowed their spending on monetisation systems.

- Maintaining **legacy** monetisation systems accounts for a substantial proportion of spending on monetisation systems. CSPs' margins are under pressure and they are focusing on reducing spend on supporting legacy systems and diverting investments into next-generation systems that are more capable of supporting emerging use cases. This shift away from legacy incumbent systems has been gradual because CSPs do not want to risk disrupting operations.

- From a vendor solution perspective, **cloud-native** compliance or a roadmap towards compliance has become a key requirement for new monetisation platform deployments. This has been driven primarily by

CSPs' focus on emulating the architectural agility and flexibility of digital-native companies. However, most CSPs are not ready to fully embrace cloud-native architecture mainly because it requires extensive organisation change, which can be complex and disruptive.

- **5G** is driving significant CSP interest in next-generation monetisation platforms, although this has not boosted spending yet. The early wave of 5G use cases is expected to be consumer-centric and this will drive moderate investments for extending existing consumer monetisation stacks. However, the significant proportion of monetisation system spending that is related to 5G will be driven by enterprise use cases in the medium to long term.

The monetisation platforms segment faced difficulties in attracting telco investments in 2017 because of competing priorities. In the short to medium term, 5G use cases, particularly those related to enterprise business models, are expected to drive increased interest and spending on next-generation monetisation systems.

AMDOCS SNAPSHOT

Products and Services

- Amdocs announced in early 2018 the launch of AmdocsOne, the company's flagship cloud-native portfolio to support CSPs' digital transformation.
- Amdocs Optima is a scalable billing and charging solution that is designed mainly for Tier 2, 3 and 4 CSPs and MVNOs.
- Amdocs CatalogONE is a cloud-native solution that provides a centralised and consistent model for working with BSS and OSS systems.
- Amdocs Mobile Financial Services is a unified platform that can support a variety of financial transactions in a CSP or financial environment.
- Amdocs also offers vendor-agnostic professional services to support both its own and other vendor offerings.

Analysis

- Amdocs is the largest vendor by revenue in the monetisation platforms segment by a wide margin. It is the market leader for the billing and charging sub-segment and is one of the top-six players by revenue in the policy management, partner and interconnect and mediation sub-segments. It is also among the top-six vendors by revenue in monetisation platforms professional services.
- Amdocs has more than 200 CSP customers worldwide, including some of the industry's largest players. Amdocs' top-ten customers account for over two thirds of its revenue.

Strategy

- Territory - Amdocs has a strong emphasis on Tier 1 CSPs in developed markets and smaller tier CSPs in some emerging regions.
- Products - Amdocs will continue to be a principal supplier of Tier 1 CSPs and is positioning itself to gain greater opportunities among lower-tier CSPs.
- Channels - The company is working towards offering end-to-end integrated super-suites, particularly for Tier 1 CSPs.