

Why Digital Telcos Require a New Breed of Vendor

Vendors Need a New Approach

With the shift to 5G and cloud native comes the reality that vendors also need to fundamentally rethink their go-to-market strategy to better align with how digital companies want and need to operate. Delivering a monetization solution that truly supports critical digital capabilities requires a completely different approach not only in the technology, but also in the way vendors do business.

Over the past ten years, the business models for the traditional vendors of monetization solutions (whether IN or IT based) have migrated in a direction in conflict with most, if not all, of these critical capabilities. From an IT software perspective, most have shifted increasingly toward a custom services and development, or services-led, business model. In order to sustain a long-term economic balance between investment and return, vendors have used expensive change requests to fund ongoing development efforts.

The issue this creates in today's environment is that it destroys business agility since it requires a negotiate/develop/test/deploy cycle before a new idea can be realized. New business functionality can thus take months instead of hours. It also creates a more complex, custom version of the solution for each customer over time, making it extremely difficult to upgrade or take advantage of innovations/developments from a different project. Another consequence of the change request mentality is that very little innovation was done to the fundamental technologies

underpinning the traditional solutions. They were largely designed for the days of the flip phone, not the demanding and chaotic environment of a 5G digital telco.

Some vendors have shifted toward a “full suite lock-in” approach, where strong resistance is given to letting the overall ecosystem contain the best solution for each area of capability, preventing the telco from taking advantage

of innovations from other vendors. It also creates a terrible power imbalance in the economics of evolving the ecosystem for the future, allowing the vendor to “abuse” the relationship.

Unless the vendor-telco relationship fundamentally shifts to a win-win partnership, these issues will be a constant drag on the speed and ROI of digital transformation.

The MATRIXX Approach

The History of MATRIXX

As with many successful companies, the team at MATRIXX worked together for several many years prior to starting MATRIXX Software. Working collectively at companies such as Sun Microsystems, Portal Software, Oracle and various telcos, the team acquired decades of experience in databases, operating systems, complex parallel processing and the telecom Industry. The leadership has accumulated tremendous knowledge in all aspects of telco charging, both real-time and batch, across IT and IN-based architectures. At Portal Software in the early 90s, they built the first object-oriented, real-time rating and billing system to serve the emerging ISP industry.

By 2008, the founders of MATRIXX recognized that the introduction of the Apple iPhone was the beginning of a transformation that would redefine all aspects of the telecom industry. A broad set of skills and experience, combined with Silicon Valley roots, allowed them to envision the impact the smartphone would have on the world and understand the implications of this complete paradigm shift. They recognized that traditional BSS stacks built on legacy relational databases and procedural rating engines were not going to come close to addressing the needs of this rich, new digital services environment. An entirely modern solution approach was required to handle the move to an always-connected, data-centric, real-time universe, and in 2009 MATRIXX Software was founded to realize this vision.

As huge advances in networks and devices continued at an increasing pace, the IT systems that telcos relied on to leverage these advances and monetize their

networks were essentially left to stagnate. While most vendors focused all their attention on research into the devices and the network technologies, MATRIXX quietly got a nine-year head start on the technology needed to serve the business and monetization aspects of the smartphone era.

The result of this groundbreaking work is the MATRIXX Digital Commerce Platform. Developed entirely from scratch, MATRIXX Digital Commerce incorporates completely new and patented software technologies into all aspects of the solution. As 5G networks begin to deploy and IoT growth accelerates, the technological advantages of the MATRIXX Digital Commerce Platform provide the precision, performance, reliability and business agility needed for telcos to succeed.

The MATRIXX Digital Commerce Platform is the only monetization solution in the market specifically designed to support the needs of a digital telco and has been proven by over nine years of production deployment at a Tier-one scale. As a result, MATRIXX Digital Commerce is being adopted around the world by market innovators like Swisscom and Telstra as well as major international operator groups like Hutchison, Orange, Telefónica, Telstra, TELUS and Verizon. Whether launching a new digital brand like Visible, or undertaking a full IT transformation like Telefónica, MATRIXX customers all benefit from the unique technology underpinning the MATRIXX Digital Commerce Platform to deliver strong KPI results not possible with other solutions.

Many customers have plans to introduce 5G-based offerings in the coming years. With highly complex and variable plan parameters and combinations across

consumer, business, industry and IoT offerings, 5G will place an unprecedented burden on operators' monetization platforms — a burden only MATRXXX Digital Commerce was specifically designed to handle. The investment in 5G will only be realized if telcos have the agility and adaptability to meet the diverse, decidedly complex and changing customer needs from all segments consistently, accurately and with unquestionable commercial integrity. Having begun their digital-first journey with MATRXXX Software, MATRXXX customers are well placed to take their share of the 5G digital dividend.

A Fully Aligned Business Model

What sets MATRXXX Software apart is not only their technology, but the shift in their business model that their technology enables. The MATRXXX approach is much more aligned with the modern digital telco that is looking to deliver innovation with agility, generate ROI quickly and achieve predictable financial effectiveness. It requires a new approach across product development, delivery and commercial relationships.

Product Development

MATRXXX delivers a true product and the same product, in fact, to all customers. The MATRXXX Digital Commerce Platform can be implemented and configured as is, out of the box. MATRXXX has architected the platform so that the vast majority of business requirements can be met entirely via configuration without custom coding and the long, expensive development/test cycles it requires. Enforcing this type of discipline not only provides the maximum business value to customers by delivering agility out of the box, but it also avoids the hidden costs, schedule delays and nightmarish upgrades that accompany customized solutions.

MATRXXX is also constantly innovating to ensure this solution is ready for where the industry is heading, not just where it's been. They engage with customers to jointly develop product roadmaps and provide new versions of productized solutions frequently to stay ahead of evolving business needs. Maintaining a consistent code trunk across all customers allows MATRXXX to deliver enhancements far more efficiently and cost-effectively than more customized solutions.

Early telcos often developed their own databases, operating systems and hardware solutions, but nobody would remotely consider doing that today. MATRXXX is the next logical evolutionary step in productizing the core platform for delivering telecommunications services.

Delivery

Historically, deployment timelines for a new monetization platform were 18 to 24 months and the implementation costs exceeded the product costs by two to three times or more. MATRXXX has completely changed this model. By providing a vast array of configurable capabilities and modern, open APIs, MATRXXX can deliver and deploy faster, more consistently and far more cost-effectively. Their delivery programs require far fewer resources on the ground and can be managed in two to six-week sprints. MATRXXX has helped many customers deploy an MVP solution to market, end-to-end, in under six months, followed by an expansion of the solution across the business using this same agile approach. The result is that MATRXXX allows the deployment plan to adjust naturally to changing business needs and priorities, and generates a constantly increasing demonstration of digital capabilities, business agility and improved KPIs.

Additionally, MATRXXX offers maximum flexibility to meet customers' environment requirements based on organizational and regulatory needs. They deliver the exact same platform, with its groundbreaking performance and business agility, on-premise, in a private cloud or in the public cloud.

Commercial Relationships

Perpetual software licenses accompanied by heavy service contracts and an endless flow of expensive change requests may have been acceptable when vendors delivered highly customized solutions on proprietary hardware that took years to design, build, test and transfer/operate. With telcos embracing modern, agile operational processes, they need vendors who supply a fully functioning product quickly, driving the need for a more modern commercial relationship. The MATRXXX business model is based on subscription licenses over multi-year terms, providing customers a new level of value in several ways:

Mutual Motivation to Deliver Enhancements Quickly

There are many factors that can cause a program to run over budget and off schedule. If the vendor has already collected the “perpetual license” value and is now racking up additional revenue for change requests and project extensions, their business model runs counter to the customer’s need to implement quickly. The MATRIXX model turns that around by charging a set license fee annually for their solution, including all enhancements to that solution, as well as network-grade support. Instead of being forced to sign expensive change requests to make forward progress, cost is pre-determined and MATRIXX is incentivized to deliver any necessary enhancements as quickly and efficiently as possible.

An Investment Is Not Based on a Single Point in Time

A subscription customer has access to new capabilities that MATRIXX continually builds into the product, even if the customer didn’t originally request the enhancement. Since development efforts are leveraged across the entire customer base instead of being project-specific, MATRIXX focuses on innovating constantly ahead of industry trends and emerging business models. As they mature and evolve the platform to take on new requirements and business models associated with 5G and IoT, customers automatically participate in both driving and benefiting from product enhancements.

They have also invested in making the upgrade process manageable, with key capabilities like fully automatic data migration and guaranteed API compatibility. Many MATRIXX customers have upgraded their installations multiple times, with zero downtime and no/minimal support from MATRIXX.

Revenue Must Be Earned Every Year

Perpetual licenses generally require an operator to pay for the entire license up front and only pay annually for support. Their license value is spread over the life of the partnership, so MATRIXX is tremendously motivated to continue providing value.

Summary

In summary, MATRIXX Software has developed significant momentum with telcos and digital service providers. Its success has been driven by its ability to deliver a unique, real-time digital-first experience at breakthrough levels of operational scale and efficiency in months, not years. And by creating a win-win commercial model that leverages cloud native, APIs, and reusability to drive speed and innovation.

The MATRIXX Digital Commerce Platform is now installed at over 30 service providers across the globe collectively reaching some 1.5B telco customers.

About MATRIXX Software

MATRIXX Software delivers a modern converged charging and commerce solution proven at scale. Its cloud native Digital Commerce Platform provides network-grade, mission critical software that unlocks new network monetization opportunities. With its no-code configuration capabilities, MATRIXX empowers service providers with the agility necessary to easily develop, deploy and monetize new products and services. MATRIXX is the platform of choice powering many of the world’s leading communications companies, IoT players and emerging network infrastructure providers. MATRIXX makes it possible to harness commercial innovation and on-demand customer experience to better compete and drive new revenue and growth opportunities across markets and verticals.

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