

Stratecast Partners

*A Division of* FROST & SULLIVAN

Inventory Management  
Sector Assessment

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# Inventory Management Sector Assessment

## **Executive Summary**

Over the years, Stratecast Partners has identified inventory management as perhaps the most critical domain within a service provider's network operations. Since a service provider's network inventory is in many ways its most important asset, effective management of that inventory and the maintenance of accurate, real-time, inventory data are essential for a service provider to support its customers, roll out new services rapidly, and decrease network and service provisioning costs through automation.

In recent years, the need for accurate inventory has become even more critical, as wireless operators roll out a variety of new services, wireline operators seek to realize cost savings through back office consolidation, multiple services are offered over IP transport, and triple- and quad-play offerings drive significantly increased network and service complexity.

Despite the importance of inventory to a service provider's business, maintaining inventory data that accurately reflects real assets in place remains a challenge to many service providers. Depending on the line of business, inventory accuracy can be as low as 40%, and many service providers report accuracies around the 80% mark. For this reason, many are focusing on inventory management as a strategic imperative, realizing that it's time to "finally get it right" this year.

This report is a comprehensive survey of the inventory management sector; it is based on interviews with service providers, independent software vendors, systems integrators with experience and assets in the inventory management space, and others. We include results of three quantitative surveys and dozens of interviews, including market share and market driver analysis. We identify a number of unmet service provider needs, as well as future trends within inventory management.

Inventory management is in a period of transition and growth. As with many OSSs, inventory systems are moving from solutions addressing a single "point of pain" to integrated, open solutions that interoperate more effectively with a carrier's legacy environment, and can be configured to handle multiple lines of business. The bottom line: significantly reduced management costs, and inventory data that more accurately reflects inventory reality, tracking inventory changes in close to real time. As the technology has shifted, so has the vendor community, with significant ongoing M&A activity, revenue growth (for some) and shifting customer demographics.

In this study, we identify a currently addressed network inventory management global software-only<sup>1</sup> market of U.S. \$310.5 million, yet we expect this number to grow as service providers look increasingly to the outside for help with this increasingly complex domain. Important vendors include Cramer Systems, Telcordia, MetaSolv, and NetCracker (which is experiencing the greatest change as it moves up-market to Tier 1 service providers). Telcordia, with revenues from both its Granite acquisition in 2004 and its legacy inventory management assets, is the global market share leader. Cramer Systems leads the market in license software revenue, and is in our opinion best positioned to capture new business.

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<sup>1</sup> Our market size analysis excludes inventory revenues to system integrators, inventory systems built in-house, and pure-play outside plant inventory vendor revenues.