

FROST & SULLIVAN

NETCRACKER TECHNOLOGY

2022
COMPANY
OF THE
YEAR

ASIA-PACIFIC
OSS/BSS INDUSTRY

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Netcracker Technology excels in many of the criteria in the Asia-Pacific operations support system/business support system (OSS/BSS) space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Addressing Unmet Needs

With an intense industry focus on digital services and customer experience in challenging markets, communications service providers (CSPs) in Asia-Pacific (APAC) need to offer cost-effective, unique digital value propositions or digital solutions that can enhance the customer experience. To achieve this, CSPs

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*- Mei Lee Quah,
Director, ICT Research*

need the basic fundamentals to innovate, higher business agility and flexibility, greater levels of automation, and the ability to maintain costs at the right levels.

In 2021, Netcracker continued to take a practical approach in meeting customers’ unmet needs in innovative areas, such as private 5G networks, multi-cloud, and edge. The company has been recognized as an industry leader through multiple independent awards, such as the 2021 Global Telecoms (Glotel) awards, for its Non-Real-Time RAN Intelligent Controller (Non-RT RIC), Edge Service Orchestration,

and cloud-native service offerings. Market leadership in these areas drives Netcracker’s growth of its core operations support system/business support system (OSS/BSS) service offerings, where it has been

recognized as a leader in digital OSS/BSS for helping CSPs in the region with large-scale digital transformation projects that have played a key part in transforming the regional landscape.

The company combines extensive expertise, both internally and from its parent company, NEC, to drive innovation in the areas of OSS, RAN, and cloud, which competitors will find hard to replicate easily because they rely on partners' expertise to achieve the same thing. For example, Netcracker's Non-RT RIC critically enables 5G RAN slicing and provides artificial intelligence/machine learning (AI/ML) support, automation, and standard O-RAN Alliance interfaces to raise the level of intelligence in RAN optimization and resource management. These technological advancements are bringing real tangible benefits to CSPs in the region by widening the scope for business model monetization and customer experience improvements.

Visionary Scenarios through Mega Trends

The exponential growth in data consumption, coupled with growth in digital services that are increasingly 5G ready and cloud native, is expected to drive regional growth in the OSS/BSS market. OSS/BSS solutions need to be cost effective while still offering the technological support necessary for CSPs to become more customer centric, introduce personalization, and undertake greater business optimization.

The qualities of adaptiveness, real time, and ease of use provide CSPs with the flexibility to adapt quickly to market demand through future software upgrades, add-on modules, or swapped-out modules. Cloud-based solutions offer scalability for future growth, while AI/ML technologies enable systems such as AI-native BSS that can derive more detailed market insights for the better prediction of market needs and trends. Netcracker excels in APAC by leveraging its lead in the journey to the cloud, analytics, and zero-touch systems, with its full cloud-native operations and innovative monetization solutions, including revenue management-as-a-service, thereby consistently enabling first-to-market solutions and new growth opportunities for CSPs in the region.

Additionally, the ongoing digital transformation of vertical industries is expanding the OSS/BSS market among the end user segments, which is another area where Netcracker has a competitive advantage through its parent company, NEC. The company capitalizes on its internal advantages with NEC for innovation in other related areas and leverages the group's multi-vertical reach and collaborative support. Increasing awareness of the benefits of OSS/BSS solutions is driving market expansion within these non-CSP segments, thus enabling customer-centric business operations as part of Netcracker's ongoing efforts to automate the entire customer lifecycle and move to the zero-touch paradigm. Having worked with its customers for years, Netcracker understands these segments better than its close competitors and is thus well positioned for future growth in this space.

Leadership Focus

Netcracker, within NEC, is known for its innovative firsts in OSS/BSS, consistently spending more than its closest competitor on research and development (R&D) every year. OSS/BSS is an area where R&D is focused more on innovating products rather than on creating new products; therefore, Netcracker's internal strength in innovation is a competitive edge, in terms of the company's ability to help CSPs reduce complexity, innovate quicker, and significantly alleviate deployment and operational costs.

In 2021, Netcracker showcased its clear differentiation from its close competitors through a wide range of successful deployments in APAC. Netcracker's 5G, cloud, and digital OSS/BSS offerings have collectively

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helped CSPs drive the adoption of more innovative technology, such as for the digital economy, by equipping them with the speed, flexibility, and expertise needed to capitalize on rapidly evolving emerging technologies, such as 5G, Internet of Things (IoT), and industry automation. Leadership in this case is based on Netcracker achieving outstanding results, despite the uncertainties and challenges faced.

Financial Performance

Netcracker's financial results for OSS/BSS showed an annual growth rate of 7.1% from 2019 to 2021. The

company's profit margin was at 20% and its 40 plus loyal customers in the region contributed to 65% recurring revenue in 2021. Following its exceptional performance in 2020, while competitors struggled based on the reduced consumer spending and customer budgets across the region because of the COVID-19 pandemic, Netcracker continued on a growth trajectory, with its two closest competitors only able to recover to levels close to 2019 levels, at annual growth rates of 1.2% and 2.5% from 2019 to 2021.

Price/Performance Value

Netcracker focuses on multiple solution options. The Netcracker Digital OSS/BSS product suite, which is based on full-stack cloud-native architecture, satisfies all operations and monetization requirements, whereas the Netcracker Cloud BSS software-as-a-service (SaaS) solution is positioned for enterprises that want to expedite their go-to-market approach.

To provide customers with the best value, Netcracker offers a range of innovative commercial pricing models to meet the needs of customers of all sizes, ensuring they always receive the best price/performance for OSS/BSS. The company offers outcome-based and minimum viable product (MVP) sales models that cater to CSPs needing guaranteed outcomes in the form of exact solutions, key performance indicators, and timelines. For smaller CSPs that require flexibility with payments and resource growth, Netcracker offers a pay-as-you-grow sales model and a SaaS-managed services sales model.

Netcracker's extension to OSS/BSS-as-a-service, starting in 2020 ahead of its competitors that were still only offering SaaS for selected products, has been gaining traction. Growth in this area is based on a major market shift toward the greater outsourcing of OSS/BSS design and development to managed service providers, such as Netcracker. To strengthen its value proposition further, Netcracker introduced the Evergreen Enablement model in 2021, helping CSPs gain incremental business value with zero interruptions to operations through version upgrades and support for multi-cloud deployments.

Customer Ownership Experience

Netcracker's customers share the commitment to meeting the constantly evolving needs of consumers and enterprises. While digitally transforming, customers are constantly pushing the boundaries to offer more innovative capabilities with constant connectivity to deliver seamlessly the best end-to-end customer experience.

Netcracker is the preferred partner of choice that is a proven leader in OSS/BSS and 5G innovation. The company offers a stable platform that meets both the short- and long-term requirements of customers. The company is particularly known for its consolidated OSS solution and revenue management capabilities and excels at customer support services, including system design and consulting, system integration, and deployment. Regional customers, such as PT Indosat, NTT, Optus, Singtel, and Globe Telecom Incorporated, indicate that Netcracker's solutions have helped them reduce costs, in terms of both capital expenditure (CAPEX) and operation expenditure (OPEX), and system maintenance efforts, in addition to achieving an uplift on OSS performance metrics while improving the customer experience through better support with customer insights and network-facing operations.

Netcracker's ability to offer an immersive digital experience is a plus for customers. Frost & Sullivan commends Netcracker for helping customers simplify and automate by offering the right combination of solutions and sales models to meet their needs.

Conclusion

Netcracker's digital OSS/BSS portfolio has helped CSPs worldwide launch new initiatives, establish new revenue streams, and drive intent-based automation and agility across their mobile networks and partner ecosystems. The company's observable results in the market are testament to the success of its products, solutions, and delivery in meeting the needs of its customers. The continued focus on SaaS and the introduction of the Evergreen Enablement model in 2021 are expected to provide CSPs in APAC with the capability to innovate and the higher business agility and flexibility they need to compete.

With its strong overall performance, Netcracker Technology earns Frost & Sullivan's 2022 Asia-Pacific Company of the Year Award in the OSS/BSS industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

