

# Policy Management

## Vendor Scorecard

Excerpts

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## TOP TAKEAWAYS

The only report of its kind, this *Scorecard* evaluates the top policy management vendors on criteria using actual data and metrics, including direct feedback from service providers, vendor market share, market share momentum, financials, brand recognition, reputation for innovation, and other benchmarks. This approach eliminates subjectivity and ensures vendors are assessed accurately and fairly.

Despite market consolidation, the number of policy management suppliers remains high, with many players bringing solutions to the market in conjunction with products in adjacent areas such as billing, charging, and policy enforcement. The 8 vendors profiled in this Scorecard—Alcatel-Lucent, Amdocs, Cisco, Ericsson, Huawei, Openet, Oracle, and Redknee—were selected because they are the top revenue producers in the policy management market. The purpose of this Scorecard is to analyze the relative strengths among these market leaders.

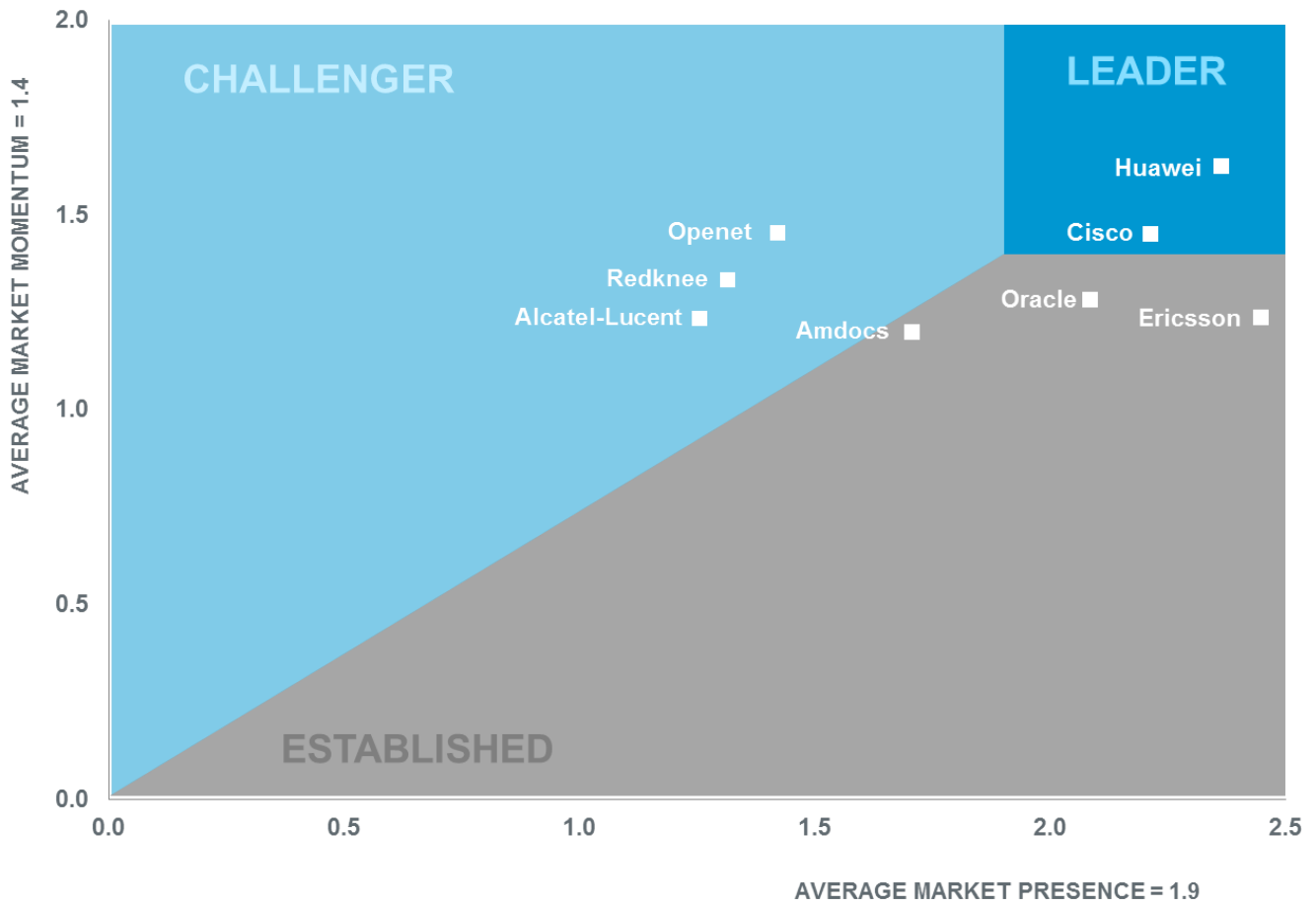
In this Scorecard, we classify vendors as leader, established, or challenger depending on their overall score; the 8 profiled vendors are grouped as follows:

- **Leaders:** Cisco, Huawei
- **Established:** Amdocs, Ericsson, and Oracle
- **Challengers:** Alcatel-Lucent, Openet, and Redknee

Bottom line: As operators look for more sophisticated bandwidth management tools and capabilities that enable them to generate more revenue from their networks and subscribers, policy management is expanding beyond its traditional position in the network realm to address these requirements. As a result, product characteristics such as flexible rules engines and performance scalability are rapidly becoming essential features that vendors must demonstrate to get a shot in this increasingly competitive market. The 8 vendors profiled in this report are those who are meeting those requirements at this point; the key to their ongoing success will be their ability to anticipate operators' future requirements, particularly in areas such as virtualization and network monetization, and continue to evolve their products to address them.

Exhibit 1

Policy Management Leadership Landscape Graph



Please see "Methodology" (excerpted methodology is at the end of this document; the full version, with a more detailed description of the scoring process, is available from Infonetics Research).

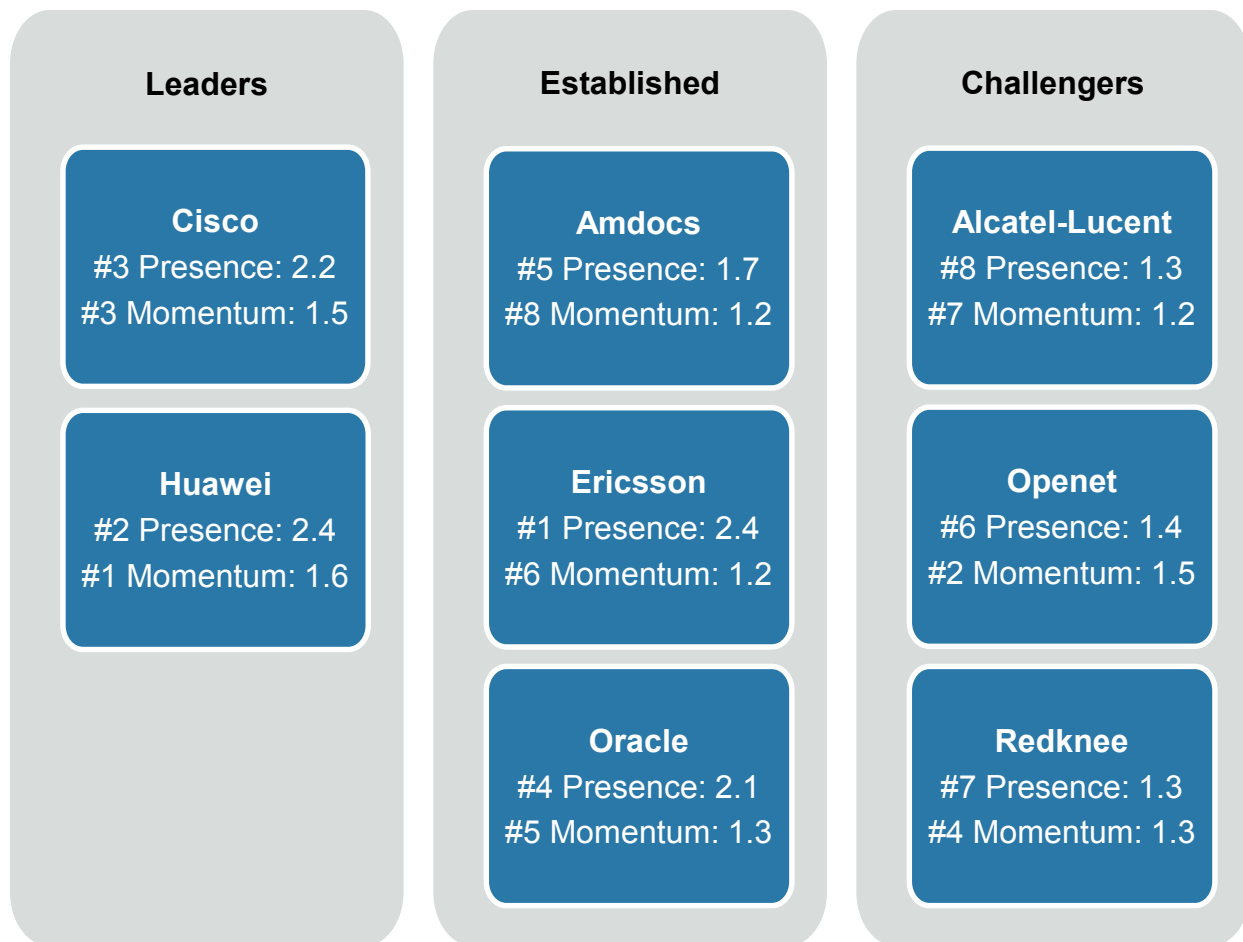
## DETAILED SCORECARD ANALYSIS

The next chart summarizes the 8 vendors' scores in market presence and market momentum and places them into one of 3 categories: leaders, established players, and challengers.

- **Leaders** perform strongly across all evaluation criteria and vectors. Leaders have established a significant presence in the market and have positive momentum, which means they are likely to cement and expand their leadership positions in the future.
- **Established** players perform strongly in the market presence vector. Though established players have lower market momentum than leaders, their significant presence indicates strong adoption of their solutions.
- **Challengers** perform strongly in the market momentum vector. Though challengers have lower market presence than leaders, their positive momentum indicates they are in a good position to grow their market presence in the future.

### Exhibit 2

### Policy Management Leadership Scores

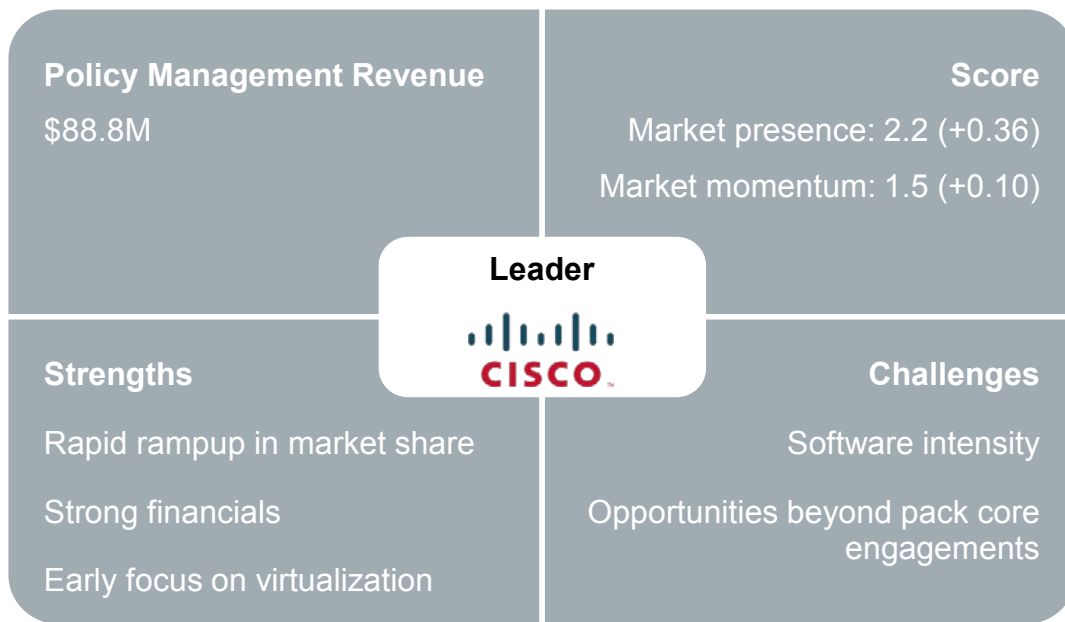


## CISCO VENDOR PROFILE

Like several other policy suppliers, Cisco essentially acquired its way into the policy market. The company originally addressed the policy opportunity via partners, including a significant relationship with Openet, as well as partnerships with Bridgewater Systems and Tekelec, and via its homegrown PCRF, which it deployed primarily as part of a larger mobile video optimization solution. In 2012, Cisco shifted its strategy by acquiring BroadHop, a relatively small player in the policy management space, and has replaced nearly all of its partnership activity in policy with its own assets.

### Exhibit 3

### Cisco Policy Management Profile



*Note: The market presence and market momentum scores are described fully in "Methodology." We show the difference in parenthesis (e.g., +/- x.x) between this vendor's score and the average score of all 8 evaluated vendors.*

## *Portfolio*

Since the acquisition, Cisco has invested significant resources in the former BroadHop Quantum solution, now known as Cisco Policy Suite; though BroadHop had racked up wins at several small and mid-sized operators, as well as a few Tier 1s via partners, it was definitely a small fish in the policy market. Cisco originally leveraged the BroadHop assets to support its WiFi strategy, but over the last few years the solution has emerged as a best-of-breed PCRF that Cisco is deploying as part of its packet core deals, and as a standalone solution in the mobile and the fixed markets. Most recently, AT&T announced that it would deploy Cisco's virtualized mobile Internet solution—including the Cisco Policy Suite—to support its advanced connected car services, a coup for Cisco given the significant opportunity for policy vendors that the M2M market represents.

## *Market Presence and Market Momentum Highlights*

Cisco's solid scores in market presence and market momentum place it in the leader category. The company leads the pack on market share momentum, gained at the expense of several former partners, as Cisco began bidding its own policy assets as opposed to other vendors' as part of larger deals. Cisco also received a high score in financials, reliability, and service and support (the latter two are important criteria for operators, given the key role that policy management plays in their ability to manage and monetize their networks). This reflects the strength of the company as a whole, though its below-average score in software intensity suggests that Cisco's investment in the former BroadHop product is not yet complete.

## *Bottom Line*

This scorecard highlights the power of Cisco; the company bought a small policy supplier at a relatively low price and has managed to parlay that acquisition into a leading position in the policy management market. One of the primary strengths of the Cisco solution is its longstanding capabilities in virtualization; BroadHop launched the Quantum product in 2010 as a fully virtualized solution, and Cisco reports that all of its deployments today are virtualized, primarily on VMware but on a handful of other hypervisors as well. The AT&T deal also positions Cisco as a leader in the emerging M2M space, which we believe will represent a significant opportunity for policy vendors over the next several years as operators look to better manage the impact that M2M traffic will have on their networks, as well as potentially interject themselves into the value chain for M2M services.

## METHODOLOGY

### Market Covered

For the purpose of this *Scorecard*, policy management is defined as a software platform for applying business rules that determine bandwidth prioritization based on factors such as network conditions, customer type, application type, etc. It has a real-time understanding of network resource utilization. Includes policy management platforms that adhere to 3GPP, ETSI TISPAN and PacketCable Multimedia (PCMM) standards and are deployed in fixed-line broadband, mobile, and cable broadband networks; includes only standalone broadband policy management platforms; does not include policy enforcement capabilities of DSLAMs, CMTS, PON OLTs, deep packet inspection platforms, and edge routing equipment.

### Scorecard Criteria

This *Scorecard* includes the 8 top policy management vendors, as listed in our *Policy Management Software: Annual Worldwide and Regional Market Share, Size and Forecasts* report.

Our criteria are based on actual data and metrics. For each criterion, we scored vendors on a 5-point scale; 1 is the lowest possible score, 3 is an average score, and 5 is a perfect score. Specifically, we evaluate vendors on market presence and market momentum.

**Market presence:** a company's current position in the market, including size, brand recognition, reputation, and financials. The market presence score is calculated using these criteria:

- **Market share:** a vendor's percentage share of the policy management revenue
- **Financials:** an analysis of a vendor's financials; a strong financial position improves long-term viability and allows a company to stay ahead of the competition by investing in R&D and/or acquiring other companies/technologies; this score is based on the Altman Z-score non-manufacturing model
- **Buyer feedback:** an assessment of a vendor's performance by policy management purchase decision-makers, based on interviews we conduct with global service providers every year
  - **Product reliability:** buyers' assessments of a vendor's product reliability
  - **Service and support:** buyers' assessments of a vendor's service and support

**Market momentum:** a company's potential, including growth, reputation for innovation, and development of next generation technologies. The market momentum score is calculated using these criteria:

- **Market share momentum:** changes in revenue market share over time
- **Software intensity:** a measure of a service provider's ability to easily adjust the scope of projects, implement use cases and customize as needed without relying on the vendor or services firms, which is a key characteristic of the next generation of policy management solutions
  - **Buyer feedback on technology innovation:** an assessment of a vendor's performance by policy management purchase decision-makers, based on interviews we conduct with global service providers every year



Based on the scores for each of the 7 criteria, we created 2 composite vendor scores, one for market presence and the other for market momentum, using the same 5-point scale, and weight the individual criterion based on its importance in the buying process.

## Reports Used

The information in this *Scorecard* is based on findings from multiple Infonetics Research services, including:

- *Policy Management Software: Annual Worldwide and Regional Market Share, Size and Forecasts*
- *Policy Management Strategies and Vendor Leadership: Global Service Provider Survey*

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