

# Prime Carrier Acquires AM-BEO and Bolsters Its Telecom Software Market Position



<b>Decision Point:</b>	Optimizing Billing and Payment Systems for the Digital Supply Chain
<b>The Bottom Line:</b>	Prime Carrier announced the acquisition of AM-BEO, creating a larger competitor in the billing and customer care space, and a new entity that can support next-generation rating, charging for retail services, and more flexible settlement and margin analysis capabilities for wholesale providers.
<b>Who Should Read:</b>	CIO, CEO, CTO, VP of billing, VP of revenue assurance, VP of marketing

Telecommunications Global Practice Leader: [Rob Rich](mailto:rriich@yankeegroup.com), 617-880-0282

## Combination Creates Larger Competitor in Billing and Customer Care Space

On June 7, 2005, Prime Carrier (a Dublin, Ireland-based wholesale billing software provider) announced that it had acquired Galway, Ireland-based software supplier AM-BEO, known for its rating, charging and settlement solutions. Prime Carrier didn't announce the value of the deal, but discussions with executives from the newly combined company revealed it hasn't ruled out a future listing on the Alternative Investment Market (AIM) in London.

The combination of AM-BEO and Prime Carrier assets creates a larger competitor in the wholesale and retail telecommunications market space. Based on the core technologies of both players, the newly combined organization will aim to become a wholesale and retail billing solution leader, supporting voice, convergent IP, 3G and triple-play telecom services.

Under the acquisition agreement, all AM-BEO technology, intellectual property rights and customer contracts will transfer to Prime Carrier and the integrated company will trade as Prime Carrier Ltd. As expected, AM-BEO's brand name will remain intact. The company will maintain existing products including nCharge, nRate and nSettlement under the company's brand portfolio. The company will distribute research and development for both product offerings between Prime Carrier's headquarters offices in Dublin and AM-BEO's offices in Galway.

Prime Carrier will integrate all AM-BEO staff into Prime Carrier's software development, product management, professional services and sales operations. The AM-BEO product development and support functions will continue to operate from AM-BEO's Galway offices.

## Market Impact

Since AM-BEO's inception in early 2000, the company's core message was to provide software solutions to help global carriers address next-generation rating, charging and settlement requirements.

The core technology proved itself to be Tier 1 scalable (demonstrated by its implementation with Western Wireless). The technology also provides next-generation services support, as demonstrated by the implementation with Finnish content provider Sonera Zed.

However, market dynamics shifted and the majority of communications service providers became wary of doing business with smaller technology suppliers, regardless of the technology strength. For smaller technology players in the communications software space, market conditions created a host of new business challenges. Most Tier 1 communications service providers became increasingly selective in their decision-making processes for vendor selection. With financial stability, Tier 1 references and scalability as the three top requirements, small innovative players have found it increasingly difficult to make any headway with the largest carriers. Smaller standalone technology players, particularly in niche markets such as rating and partner relationship management, have had to rely on:

- Previous relationships that helped facilitate a sale
- Systems integration or OEM partnerships with larger technology providers that have had longstanding carrier relationships
- Low-cost or free proof-of-concept deployments that demonstrate quick return on investment

AM-BEO's closest competitors all followed this strategy: Companies such as Highdeal built tight OEM partnerships with Nokia and Ericsson; and Sepro found a buyer in Openet Technologies. The technology of post-acquisition AM-BEO's will complement Prime Carrier's current business strategy.

Prime Carrier's technology, which focuses on helping carriers with wholesale routing, has demonstrated Tier 1 scalability and referenceability. The company's customer base includes BT, BellSouth and KPN, which use the platform for wholesale margin optimization by providing visibility into current wholesale communications transport rates. Although least cost routing provides high value, integrating AM-BEO's rating technology into Prime Carrier's solution creates the added benefit of even greater visibility into CDR traffic, which offers highly detailed analysis around quality and rate charges. The combination of technologies also can help carriers monitor existing wholesale traffic service-level agreements, which are particularly useful as part of a larger scale revenue assurance strategy. It also provides a unique ability to support the tracking of 2.5G and 3G mobile services in the digital supply chain, which already requires convergent rating/charging and settlement support.

## Combination Gains Traction with Tier 1 Providers

Prime Carrier has a much richer technology path. It gained the ability to support both retail and wholesale carrier billing and rating requirements. It also garnered a potential advantage in the wholesale market because of the newly acquired rating function. Prime Carrier can also leverage AM-BEO's customer base as potential up-sell candidates.

The combined company will gain greater traction with other Tier 1 providers, and will offer a more stable financial footing, broader breadth of research and development resources, and greater customer referenceability. The combined solution will become more compelling to carriers trying to address convergent and bundled services. As fixed, mobile and broadband providers in the United States and Europe strive to support VoIP, 3G mobile and future triple-play offerings, we see an opportunity for Prime Carrier to help support both the wholesale and retail billing and rating requirements through the combined LCR and rating solution.

## Recommendations for Vendors

- **With financial stability and Tier 1 references as key carrier requirements for technology investment, Prime Carrier must lead with this message.** Strong names such as BT, Western Wireless and KPN give instant credibility to sales and marketing efforts. The organization should focus on leveraging key client wins and potential case studies.
- **Prime Carrier should take advantage of its position as a single provider.** Wholesale and retail billing technologies often come from a number of different vendors rather than a single provider. In the next 12 to 24 months, Prime Carrier should focus on demonstrating an integrated offering to the carrier market because this will differentiate the company from its closest competitors. Many carriers want to consolidate the number of vendors they work with and look to true solutions providers as technology partners.

## Recommendations for Carriers

- **Today's service providers must increase existing margins of services** because service profitability is being eroded as service prices continue to decline. Any Tier 1 operator that offers traditional legacy services should be looking at ways to guarantee the maximum return on profitability of every service it offers.
- **Invest only in back-office technology that enables rapid service launch, re-architecture and retirement.** Time-to-market for new services is critical to business success. We recommend working with vendors that can offer a proof of concept that demonstrates this ability and can demonstrate long-term value.
- **Wholesale providers should consider accelerating the reconciliation process.** Carriers can improve their financial position by accelerating the dispute and settlement process. Therefore, carriers should look to invest in the right toolsets that will help facilitate this process.