Episode 14
The Software Series: PortaOne
Guest: Andriy Zhylenko, CEO, PortaOne
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Speaker 0 00:00:00 I'm Danielle Royston and this is Telco in 20. I've been talking to several software vendors lately about moving to the public cloud. And I love this topic. So we're going to continue the conversation. One of the biggest areas in telco software is BSS. In fact, there are over 500 vendors in this space. Well, there are a couple of big guys like Amdocs and CSG, which bring in billions of dollars of revenue. Most PSS vendors are small, bringing in less than a hundred million dollars. And when you decide to pivot your products and pivot your company towards the public cloud, this is a very expensive and very lengthy process.

So today on the podcast, I wanted to talk to one of the smaller BSS vendors about their move to the public cloud. Andriy Zhylenko is the CEO of PortaOne, a BSS provider based in Canada. PortaOne has begun to refactor their applications and they have selected Oracle cloud as their hyperscaler of choice. And so I wanted to have Andre on the podcast to talk shop, talk cloud and see what PortaOne is up to. So let's take 20.

Andriy Zhylenko is co-founder and CEO of PortaOne. Welcome Andre.

Speaker 2 00:01:23 Thank you. Awesome.

Speaker 0 00:01:25 Well, first I wanted to explore what is PortaOne? I think you guys are an open architecture, open source code telco BSS company. So I guess tell me a little bit about PortaOne. Who's your target customer and about how many customers do you have globally?

Speaker 2 00:01:40 We provide telecom operators with agile tools that allow them to build their own service provision new services in very short timeframe, and then be able to support it and not go crazy about it. PortaOne came into existence from my co-founder when he was struggling within this horrible choice. Do you buy a black box from a commercial vendor or do you try to build something from scratch? And either one has its own drawbacks. So we decided to find something in the middle. It's a commercial system supported, documented, but we do provide source code, open architecture, and our motto is radical openness, radical transparency.

Speaker 0 About how many customers do you guys have?

Speaker 2 About 400 customers in 90 different countries. Uh, we haven't sold anything to Antarctica yet, but I'm trying, I'm working on it. One of my buddies he's working this polar station, there are some trying to ship them, some of the VoIP phones.

Speaker 0 00:02:44 That's awesome, Antarctica right? So that's cool. So, you know, I think everyone knows what I talk about all the time. So on the Telco in 20 podcasts, I really talk about telcos moving to the public cloud. And I think everyone has a little bit of a different idea about this and a different approach. And so let's start there. What do you think about that move to the public cloud? Do you think it's going to happen?

Speaker 2 00:03:08 Yes. So it's not a question if it's going to happen, it's more about when and how. So we're all climbers. We stand at the bottom of the mountain, we look at the summit. We all want to get there. The question is, which road we're going to take. Maybe some of the people will not even succeed. Yeah.

Speaker 0 00:03:27 So I have this funny joke because Elon Musk, you know, he's always updating everyone on his mission to Mars. And he said that he thinks it's four to six years before humans are on Mars. And so do you think Elon Musk will put people on Mars before the majority of telco is running their applications on the public cloud? I guess when do you think that will happen?

Speaker 2 00:03:49 Well, if Musk says in six years he is on the Mars, I think he will beat telcos to public cloud, or at least he will be a majority of telcos. I, I would say it's probably about 10 years' time until we will have majority of them really using public cloud and not just launch in some small applications there.

Speaker 0 00:04:11 I agree with you. I think it's a longer journey. I think a lot of people outside of telco don't understand how slowly they move and how intertwined these applications are. And so bringing it back to PortaOne, you're the CEO and co-founder, you're the leader making decisions about that move. Have you started to move your products to run on the public cloud?

Speaker 2 00:04:34 We started this about six years ago. We launched our first customers in the cloud about four years ago. And since then, my goal is to move as many as possible of our current 400 customers in the cloud. It doesn't go as fast as I would like it to. And part of the reasons is just psychological. Sometimes people have this emotional attachment to the servers. There's nice blinking lights in our data center.

Speaker 0 00:05:02 Keeps them warm at night.

Speaker 2 00:05:04 Uh, sometimes it's just infrastructure issues. Like we have about 20 operators in South Africa. Most of them would be willing to try the cloud right now. There is no Oracle data center in the cloud yet, and I'm sure as one is going to open, they're going to line up. This is what happened when Oracle finally open data center in Brazil, we have customer calling them and asking, okay, you said it's going to be opened on the 24th of August. Can we start moving on the 25th?

Speaker 0 00:05:34 Awesome. So it sounds like you guys have placed your bets on Oracle cloud.

Speaker 2 00:05:38 That's true. We did our revelation and about six years ago, we compared AWS and GCP and we went with Oracle and maybe we'll be talking in five years from now. We'll see if I'm going to regret the decision which I made back then for us. One of the decision was we have all those existing on premise installation and it was clear the immigration's not going to happen overnight. So for number of years, we would have to live with supporting on premise customers. So we have to create some unified technology because it's unsustainable to support two products for a number of years. And we also did specific testing for telecom performance for network performance. And back then Oracle, they have this latecomer advantage, but they already put it in for bare metal for transparent networking. So back then, what we were able to get for network performance from Oracle was better than AWS and GCP.

Speaker 0 00:06:44 And did you pick Oracle because you're using an Oracle database or there's components of your system that use Oracle, or it really just was, I looked at four different clouds and this was the best solution for what we thought was needed technically?

Speaker 2 00:06:58 Well, maybe it was a subconsciousness choice. I was working with Oracle since 1995, since version seven. Uh, but, uh, back then it was about the cloud performance for real time and networking. It was cost and the database wasn't that important because yes, we use Oracle rack for our larger customers, but in the long run, I don't think it's going to be something important because there are better options for scalability and performance now with the cloud.

Speaker 0 00:07:29 Yeah. You know, you're not a billion dollar company. I mean, you're one of the smaller vendors. So today it sounds like you're supporting on premise and the Oracle cloud installation. Are there other configurations you're supporting, like what happens when a customer says, I want it to run on RedHat OpenShift, or I want it to run on AWS. How do you address that?

Speaker 2 00:07:49 Right now? We indeed, we just have Oracle Cloud as an execution environment and on-premise migration to AWS is possible. And we discussed it with a customer, so far when they see the attached price tag for the migration, compared with the benefits, they have no real desire to go that route. And what we try to explain that they are buying not cloud capacity, they're buying our application. So what they care about, what's the performance, what's the reliability, what's the operating cost. And because we, as a provider, we take care of a platform, right? So we use with those, we guarantee is going to work. So there is no compelling reasons to just switch for our obligation from Oracle Cloud to AWS. Although in the future, I'm trying to keep my options open. There are more and more advanced tools, which are only available in the cloud, unfortunately, and there's also less and less attachments as we pull in those existing operators, from their data centers, into the cloud, we will be able to do more. So our strategy is to step one, make them used to idea if it's gradual immigrations, get into this agile mentality. For the last 10 years, our release cycle is seven

weeks. That's what we do. And we're trying to get telcos into this slow, but steady evolution. And then in each step, we'll be taken a few more pieces. And so after a few years, well, we can say, you know what, after this migration is done, there's nothing left in the data center, those servers …

Speaker 0 00:09:25 They're now in the public cloud. And I think, when you're doing that slow move over to the public cloud, is they're trying to keep it cloud agnostic and not really sort of deeply integrated. Cause you're living in two worlds, you have one foot in a data center and another foot in a public cloud. And so when you look to your R and D team where you're like, we can't pick a cloud database because we're splitting the world. And so it forces you to sort of make less optimal technical decisions. Are you guys struggling with that and, and having that problem?

Speaker 2 00:09:55 Uh, yes, I'm an engineer myself. Sometimes I have to fight within me, the CEO of a company, which thinks about the operations and strategy to move our customers, and the engineer who says, wow, this is a cool toy. Now I have to hold them back. But what I'm trying to make sure is it's not just, just say no. There is a plan, cool toys they can wait for a year. And that here we'll disband, moving pieces of an application of infrastructure in the cloud where we can take advantage of them. So it's not delayed indefinitely and we'll get there. And some of the calls are available immediately. Right now we have in process moving our OSS part, which does provision in external systems. And those are typical application types, our system reading the data from Oracle database.

Speaker 0 00:11:37 Well, I think what ends up happening, and again, I was a CEO of a software company and I was struggling with the same problems, which is I can't support everything because I don't have enough money or people. Right? I can't say yes to every single deployment option. I can't say yes to Azure and GCP and AWS, I can't say yes to bare metal, Kubernetes and OpenShift and hybrid cloud. And so you kind of have to pick, and it it's really hard when you don't have infinite money and infinite time. It's really hard to say no to the telcos. They famously put a lot of pressure on us to say yes. And so I think with the approach of a slower migration, is that it, again, you start to make less of an optimal technical decision. And number two, I think you're putting off what the most important thing is here, which is re-factoring your application. And so it's leveraging the benefits of the public cloud. So my next question to you, is that how you sort of see the next 10 years and the evolution of your product?

Speaker 2 00:12:43 I'm a bit different. So the strategy is we have a typical monolith application, so we are biting off a piece of it. And if we just take one piece and put it in the cloud and put the cloud stamp on it, it's useless. In Ukraine a few years ago, it was extremely popular. They would sell mineral water with a sticker, “GMO-free.” It was water, but it was very popular to put the stickers on it. So I don't want just to put a sticker, this application piece runs in the cloud. So when we take out a component, it's our chance to redesign it and change it, architect and deploy it in the cloud as it should be. But because of the capacity limits on the engineering side, we can do the amount of redesign and new implementation in a period. So I

want to make sure we focus on the things which we can do, we can deliver, and they already add some value now to the telcos. We don't have to wait for a few more years when it will come out with this new perfect designed version.

Speaker 0 00:13:44 Yeah. I, I think people don't really understand when you're trying to take a traditional software company like Optiva, maybe even PortaOne, where our roots were deployed in a sort of client server arrangement, perpetually licensed software with maintenance deployed on premise. And now moving into, I think everyone's really excited about SaaS companies and recurring revenues and subscriptions. And I'm going to manage the application for you. It's a little bit like changing out the components of a flying airplane, right? But the thing is, is you're not just changing out a seat or painting at a different color. I mean, you're literally taking out the engine of a flying plane. You're still supporting customers. You're starting to do R and D. They want features for 5g. And you're trying to tell them to wait while you invest in cloud. And so it's really, really hard to switch out all the components of the airplane, switch it to be a high recurring revenue, SaaS business, running on the public cloud, cloud native – it just takes a lot of time and a lot of money.

And that's a really, really hard thing to do. Right. And I hear a lot of conversation in the industry of like, Oh, I'm doing that as a SaaS business, I'm cloud native. And I'm like, really? We start to talk on the podcast about it. And I'm like, no, you're just moving things to the public cloud. You're just picking up your application and you're moving it there. And then you're putting off this hard work, which is switching out the engine. And I think people don't really understand how hard it is and the smaller you are, the harder it is because you just need more money. And so I think what you're doing is awesome and it's really, really hard, but I think people under appreciate the challenge of, at what point do I refactor this application and make it truly cloud native? And at the same time, bring my customers along with me and they're excited about it and they're ready and excited to make the product updates. It sounds like that's the challenge for PortaOne – moving fast enough that you're ready for the future, but bringing the customers along so you don't lose them.

Speaker 2 00:15:52 Exactly. That's the challenge because we want to go to the cloud. We see the path, but we don't want to lose our customers on our way there. And right now I'm not claiming our applications are cloud native. And for me, cloud data, I'm trying to avoid the definitions, which are based on if this technology is used or the other. So if we come up with this complex definition of what cloud native application is, instead of trying to develop it, people will start, okay, how do I satisfy all the requirements? What kind of work around should they make as the most important thing to be called cloud native? Okay. When the think about components of application as a whole, what is your process of updating and deploying it? Can you do this by individual pieces? It's a pod, there are multiple containers. You don't know how many of them will be, but you have to already accept the fact and design the rest of the application considering that. So it's mostly about how you're going to use the application and how are we going to maintain it. What's going to be the operating procedures.

Speaker 0 00:17:01 Yeah. I mean, for me, people like to say cloud native can be anywhere. Right. I had someone on the podcast a couple episodes ago that was like cloud native could be bare metal. You know, their definition was it's running in Kubernetes. And I'm like, I think it's more than that. I think it's running natively and using components of the public cloud, right? Like starting to use the databases and using the elasticity. But I agree it's become a buzzword versus like a technical definition. There's a super big buzzword in the industry and that's 5G and maybe the second biggest one is cloud native. So when you think about the PortaOne roadmap, you kind of mentioned some exciting things as you look forward, what gets you really excited about what's coming down the pipe for PortaOne?

Speaker 2 00:17:46 For us, it's two things. First, it's the journey in code management and configuration management, because I think this is something which is missing in the cloud applications. And about 10 years ago, we built a tool which allowed us to manage unified configuration of all the servers, all the application bases, from one interface and replicate, and the tools like this will become just a standard part of the operating cloud applications. And the next thing is the workflows, because right now, when we write an application, it's a white board with some drawings and then developers start to translate the drawings or documentation into actual code. So the mapping between what it should do and what it actually does, we have some glitches there. So to scale developer workflows, initially there are low-code no-code tools which help with the business logic level. We recently launched a project in South Africa where a mobile virtual network operator was programmed entirely in local platform within us and mobile operator. Now something comes up tomorrow. It's very easy to change, right? I think it is great because it's a shift in programming. So you don't have to put so much mental effort on the developer who has to think about all the little details provided by the infrastructure. So developers would concentrate on writing the actual business logic.

Speaker 0 00:19:29 I think that's a really big, exciting idea. And that sounds awesome for PortaOne .

So you live in Barcelona, which is where MWC is. And at the moment MWC is supposed to be held at the end of June. On Twitter a few weeks ago, I saw Keith Dyer from the mobile network tweeted an article from a Spanish newspaper called El Espanol saying that MWC might be moved to the third trimester of the year, which I guess would be September through December. And so I'm planning to go to MWC. I'm planning to go in a super big way. I called over to GSMA and they're like, no, we haven't made an official announcement yet. You're on the ground. So what are you hearing in Barcelona?

Speaker 2 00:20:16 I moved to Barcelona in 2013 and I was so looking forward to Mobile World Congress 2020. It would be the first year I don't have to live in Airbnb right now. I'm a bit concerned. I think there's a very high probability it is not going to happen in June because I think we are slow as vaccinations, but we keep our fingers crossed.

Speaker 0 00:20:36 Oh, me too. I really, really want to go to MWC 21. I hope they don't have to postpone it or cancel it. So maybe they're listening to me. Maybe not, we'll find out.

Andriy, it was super awesome talking to you about your plans with PortaOne. I wish you the best of luck and hopefully I'll see you in Barcelona sometime soon. Thank you. Stick around because we're ending each podcast with a Telco in 20 takeaway. I have 20 seconds to tell you something you need to know.

Speaker 0 00:21:12 We believe that the future for telcos is the public cloud. And I agree with Andriy, we're a long ways off. It's going to take a lot of money and a lot of time until the telcos start to embrace the public cloud. This means you have to make the call now on which technology you're going to go with. For example, for Andre and PortaOne, his big bet is on Oracle Cloud. I had to make these same decisions as CEO of Optiva. I won't deny it. It's super hard. What are you going to bet on? Amazon, Microsoft or Oracle public or private cloud, which database will you pick?

The problem is many technologists make big decisions based on where the technology is today. And they failed to think about where the technology will be in five or 10 years. And so I'll bring it back to telcos and their decision to use a public cloud. That's what this podcast is all about. The tech of the public cloud is not perfect today. Latency isn't blazing fast everywhere. There isn't a data center in every corner of the world, not yet, but you have to remember the hyperscalers spent $97 billion in CapEx in 2020. And they spent close to half a trillion dollars so far. Their tech will get better, faster than the telcos can build themselves.

And so this is what telcos need to think about when they reject moving to the public cloud, and instead decide to go with a private cloud because the public cloud tech is not ready today. By the time the telcos are ready to move their applications, where will the tech at the public cloud be? The telcos need to start moving.

It's what my friend Jim Abolt talks about – to be a disruptive leader, you can't be a DW, a disruptor that is wrong. You have to be a DR, a disruptor that's right. Can't forget about Jim's wisdom. Be a DR. These are big decisions, and I'm going to keep talking about it. If you want to get in on the conversation, let me know. I'm happy to have you on the podcast. Send me a text at 925-TelcoDR. Don't forget to hit that subscribe button, share our podcast with your colleagues. And if you liked what you heard, leave us a review. Let's connect on LinkedIn and on Twitter @TelcoDR. And please sign up for our email newsletter at telcodr.com. Later, nerds.