



Enterprise and Mass-Market Hosting

Parallels enables Charter Communications to deliver integrated services

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Parallels, which has made measurable headway in the hosting and VAR market for its automation platform, is gaining clout in the communications service provider (CSP) market at the global level. Telecom providers **Telekom Austria**, **Portugal Telecom**, and **TM Net** in Malaysia are some of the telco customers that rely on Parallels' platform to pursue new growth opportunities in EMEA and Asia. The recent announcement of the engagement with **Charter Communications**, the fourth largest cable operator in the US, to improve customer service using Parallels automation product is not the first customer win in the US; however, it is the first major CSP customer reference in the US market. As Parallels continues to exert its market influence in the CSP market, particularly in the US, the service experience with Charter is invaluable.

Although this is not a full-fledged cloud service engagement for Charter (domain registration and Web hosting are part of the service modules), it is noteworthy. Just like its peers in the communication services market, Charter has been looking for ways to differentiate itself from the competition while seeking new revenue streams to offset the increasingly commoditized communications service market. Thus, the ability to deliver an integrated service (domain registration, Web hosting and **Microsoft** Exchange) that matters most to SMB customers has enabled Charter to demonstrate the robustness of its business offerings without compromising costs, development time and resources.

The win-win deal

In an effort to improve its existing Web hosting offerings and enable new service provisioning such as Microsoft Exchange, the Charter business team had been looking for a turnkey product. The Parallels Automation platform with an integrated interface was the right fit because Charter's customers could manage multiple services such as domain registration, Web hosting and emails using a single interface. As part of the service enhancement benefits, Charter' customers could add Microsoft Exchange, which was unavailable in the past, as part of the new service bundles. From a product engineering standpoint, time to market is important for Charter to compete effectively in the fairly mature communications service market. In this regard, Charter has gained a leg up on rivals as the operator was able to have the integrated automation platform up and running in a six-month period. Since the service inception, Charter has experienced a healthy growth in terms of ARPU and added thousands of new customers in nine months.

For Parallels, the ability to meet Charter's needs is more than just adding a new logo on its website. Assisting Charter in accelerating its growth strategies is a good testimonial that can go a long way in solidifying Parallels' position in the fast-evolving telco and CSP segment. Also, Parallels can broaden its global and regional experience while supporting telcos/CSPs around the globe. Being able to adapt to the local business culture is critical for Parallels to build its global story as well. The Parallels Automation platform has approximately 10 pre-engineered service modules including cloud hosting, SaaS and a number of collaboration services. The breadth of service options not only helps increase the stickiness of customers, it also creates upsell opportunities for Parallels as customers add new service modules incrementally. At present, the Parallels-powered integrated service is delivered out of Charter's datacenter in the Midwest and Parallels provides ongoing support and migration assistance.

Telcos transformation is in sight

The SMB market can present both opportunities and challenges to service providers of all kinds. However, traditional telcos and communications service providers tend to focus on serving the high-margin enterprise segment. As a result, SMB customers are often viewed as low-hanging fruit, with limited service variety and support. On the positive side, we begin to see a shift in telcos' and CSPs' business focus and strategies as competitive threats are looming large. Through investing in M&A activities and strategic partnerships, telcos at both local and regional levels are building momentum in the evolving cloud computing arena, as evidenced by recent activity. Look no further than the **CenturyLink's** acquisition of **Savvis** for \$2.5bn to show the relative importance of this sector.

T1R take

Parallels strengths lie in its deep knowledge and expertise in supporting SMB-focused service providers and partners. Although the new integrated service is not considered a full-fledged cloud product defined by the industry, the implementation is a big leap for Charter to transform its business models in face of intense competition. Having the automation platform in place, Charter can incrementally add more cloud-like services such as VDI and flexible computing into the integrated service portfolio to meet changing business requirements. At the very least, Charter's case offers proof that traditional telcos and CSPs are getting serious about revamping their business strategies and product offerings in the new Internet era.