

Unified Communications – Market Structure and Players



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What We'll Cover

- **Definitions & Components**
- **Who will be the major players?**
- **What are likely patterns of adoption?**
- **How will the Unified Communications market develop?**
- **What is the status of UC and future scenarios for the market?**

OLD Definition of Unified Communications

- **Unified Communications supports the enterprise to manage *Real-Time and Non-Real-Time communications*:**
 - Across multiple devices and applications
 - Across geographies
 - With personalized rules and policies - permission-based
- **UC adds:**
 - Real-time call control and connections
 - Collaboration, Media handling,
 - Voice-enabled scheduling/calendar
 - Call completion across a range of devices

NEW Definition of UC

- ***Communications integrated to optimize business processes***
- **UC integrates real-time and non-real time communications with business processes and requirements based on presence capabilities, presenting a consistent unified user interface and experience across multiple devices and media types.**
- **UC manages business transactions and projects across populations of users, providing an integrated, consistent communication experience for users, resulting in optimized business processes and results.**

What UC Does

- **Microsoft:**

- Breaks down today's silos of communications experiences and provides rich capabilities that allow people, teams, organizations to communicate simply and effectively while integrating seamlessly with business apps and processes.

- **Avaya:**

- Provides the right communication services, user experience, and corporate resources to the individual in an intelligent way.

- **Cisco:**

- Integrates communications more closely with business processes, ensuring that information reaches recipients quickly, through the most appropriate medium.

- **Nortel:**

- Improves business process - streamlines the tasks each of us perform in business today, improves productivity and ultimately takes the human out of the "process," enabling us to work more efficiently.

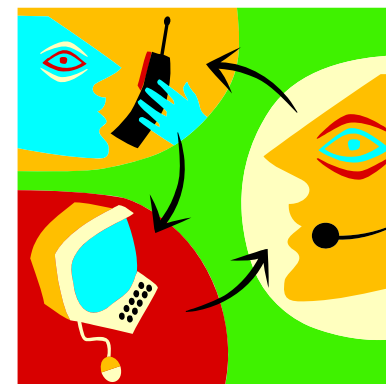


Value Proposition

- **Enhanced collaboration**
- **Simplification**
 - **Makes collaboration and communications easier**
- **Improved productivity**
- **Improved customer service**
- **Streamlined Business Processes**
 - **Significantly lower process workflow costs & overall business costs**
 - **Business process improvement, targeted at operational efficiencies**

UC Components

- **Presence**
- **Messaging**
 - IM, email, voice, video
- **Communications**
 - Voice, data, video, IP/SIP, CTI
- **Conferencing**
 - web, audio, video
- **Information sharing**
 - web chat, file sharing, document sharing
- **Business processes, applications, directories**
- **Common user experience**
 - Portal, desktop, mobility, speech
- **Rules engine**
 - Business rules, priorities, and permissions for routing, notification, and other tasks

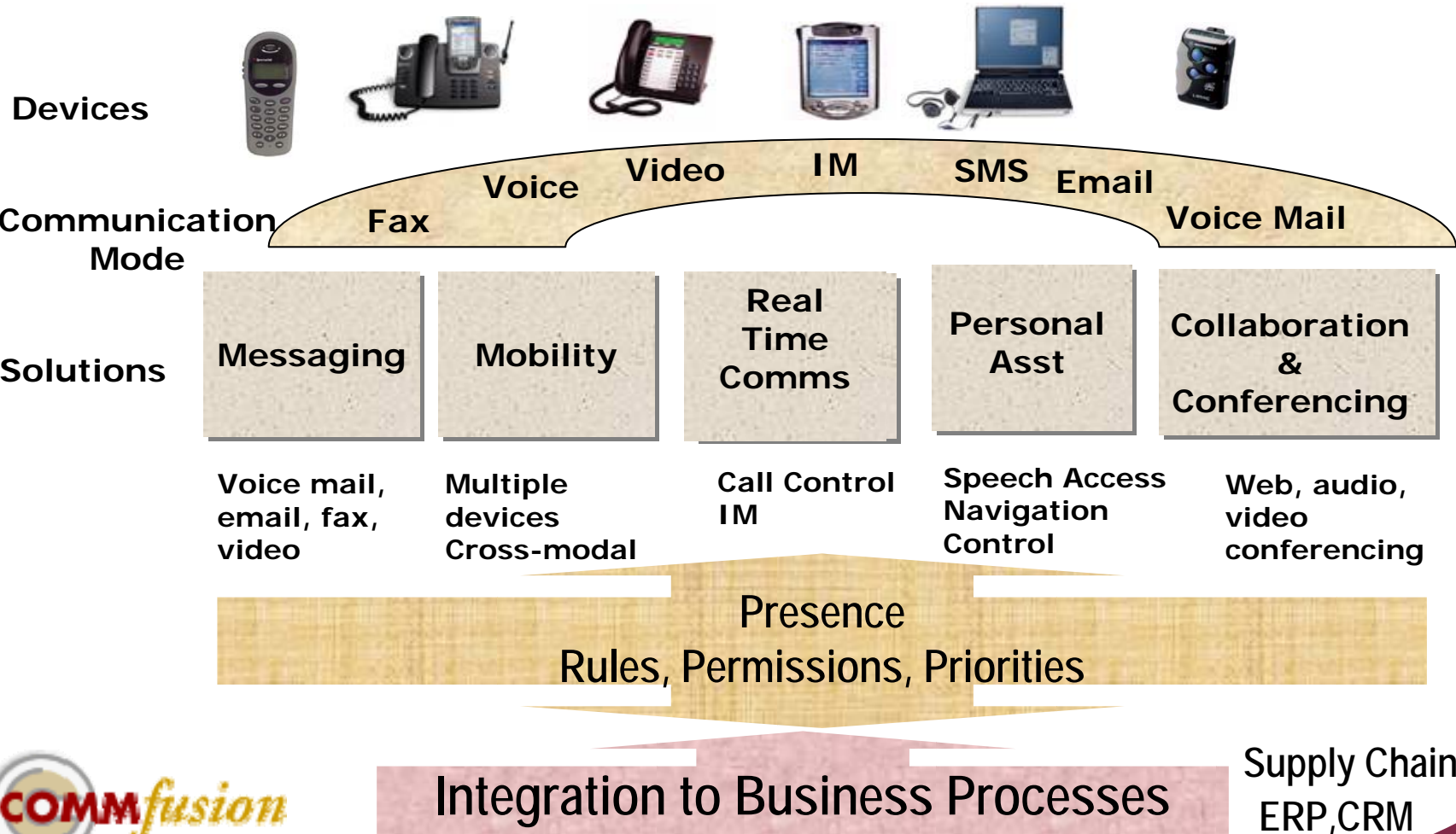


Presence is Key

- **Presence: Real-time notification of availability and capability**
 - Lets a user know when a desired contact is connected to the Internet
 - Identifies where the user is, what type of device they are using
 - Can customize service based on that information
- **Requires rules, permissions, priorities**
 - **Who can contact me, when, how**
 - If boss, send to mobile phone
 - If I'm on mobile phone, let me use speech rec

UC - Tying It All Together

Common User Interface – Common User Experience



Who Are the Players?

- **Switch vendors**
 - All are becoming software vendors
 - All offer UC suites
 - Started with voice, added conferencing/collab, presence
 - May have their own IM/presence or leverage 3rd party
- **Microsoft**
 - Started with Office and Exchange, added collab, presence/IM, UM, now voice/telephony
- **The two gorillas – Microsoft and Cisco**
 - Microsoft is coming from the application layer
 - Cisco coming from the network layer
- **IBM**
 - Lotus still strong on desktop
 - Missing voice capabilities?

Players

Telephony	IM/ Email/ Presence and/or Search	Business Process	Voice Messaging	Confer- encing/ Collab	SIs, Other
Alcatel Avaya Cisco Inter-Tel Inter Intelli Mitel NEC Nortel Shoretel Siemens others	AOL IBM/Lotus* Google Microsoft* On-State Orative Tello Yahoo	Oracle* SAP Siebel Vertical apps	AVST Active Voice Adomo Esna plus all telephony providers	WebEx Interwise Polycom Sonexis	HP Accenture Dimension Data Spanlink eLoyalty Skype

UC Today and Tomorrow

	Past	Present	Future
Communication Focus	Anytime, anywhere, anyway	Right time, right place, right device, right resource (i.e., individual, business process)	Any to any communications. Rules based, permission based, priority based
User Focus	Mobile user	Collaborative and mobile users (i.e., corridor warrior)	All enterprise users based on roles and jobs
Function Focus	Messaging and communications	Collaboration and interactions between people	Business process optimization – collaboration & interactions between task, project, contacts
Lead Vendors	Switch and messaging vendors	IP communication and messaging vendors, plus collaboration vendors	Desktop vendors; Business process and application vendors aligned with IP vendors

1990s-2004

2004-2007

2007-

UC Adoption – Short Term



**Road warriors
Telecommuters**



**Semi-Mobile/
Corridor Warriors**

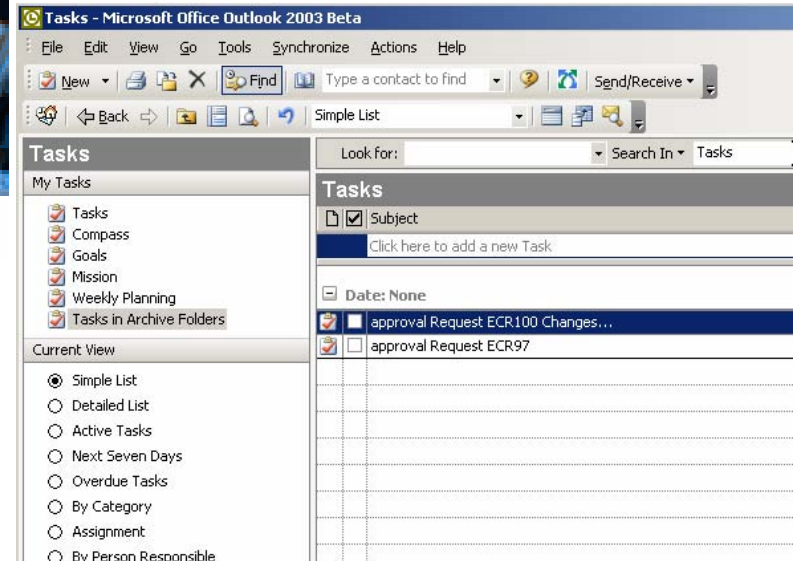


Workgroups



Need for Collaboration

UC Adoption – Longer Term



Business Process Integration

Business Process Integration

- **Basic Scenario:**
 - Working in Word document
 - Need input from someone
 - See their availability (via presence)
 - Click on their name, initiate call
 - Turn into collaborative call, with video, document sharing
 - Click on other names to add them to conference
- **Initiate communications from within applications**
 - ERP, accounting, human resources, financial, etc.

UC Adoption

- **Next 1-2 years:**
 - Enterprises begin thinking about business processes and how UC can be used
 - Will compare MSFT, Cisco, IBM, and telephony vendors' offerings
 - Business users will lead this, not IT
 - Trials in leading-edge companies
 - Small pockets of users within enterprises
 - Will start with general business processes & apps (collaboration, MS Office)
- **18 mos-3 years:**
 - UC products become more mature, more capabilities
 - New entrants to market – business process and app vendors, others
 - Viral impact: workers will see others using UC and want to try it
 - More trials, expanding to different groups and processes within enterprises and to more enterprises
 - Start moving to more defined business processes (verticals)
 - Communications will increasingly be linked to processes and transactions. (People will make calls and have meetings off of calendars, task lists, etc.)
- **3-5 years:**
 - UC as a competitive weapon
 - Moves to mainstream

MFP1 Not sure "users" will lead vs IT? Is this due to consumer experiences. Or does this mean, business management (line management) will lead?

In the 18 mo - 3 Yr and 3-5 year sections, might say that communications will increasingly be linked to processes and transactions. I.e. people will be making calls and having meetings off of calendars, task lists, project plans and transaction lists, vs the current "free will" approach.

Martin F. Parker, 06/30/2006

Microsoft's Impact on the Market

- **Are most businesses really willing to put all of their communications eggs in a Microsoft basket?**
 - **People do not want to have to reboot their phones**
- **Will MS be able to execute on their vision?**
- **Will enterprises put IP PBX purchases on hold until waiting to see what MS does?**
- **Microsoft will cause FUD and paralysis**



Potential UC Market Scenarios

1. **The PBX (IP PBX) remains center of enterprise communications**

- Prices will come down due to outside competitors (Google, MSFT, etc)
- More functionality added and integrated

2. **Desktop and Apps providers become the new comm leaders**

- Adding comm functions into their products
- Takes away PBX vendors' raison d'être
- Adds value to their own offerings
- Microsoft and IBM will lead – already own the desktop
- Followed by SAP, Siebel/Oracle, et al.

3. **Network providers take the lead role in communications**

- Enterprises will get their communication functions from their Network provider
- Wireless devices take center stage - a version of PC Communicator?
- Cisco could get up to dominant share

Potential UC Market Scenarios

- All groups face threats from web portals (Yahoo, Google, AOL)
 - Adding click-to-talk, VoIP, etc.
- UC becomes a “loss leader”
 - Prices drop – voice becomes more of a commodity
- Phone systems lose value
 - IP PBX vendors will need new strategies
 - Vertical specialization
 - Value add to Microsoft or app vendors
- What’s likely to happen:
 - Chaos paralyzes the market through 2010
 - Buyers take wait and see attitude
 - All signs lead to massive mergers, acquisitions, partnerships

Forecast?

- **Voice will be integrated into enterprise business processes and applications**
- **UC will become a key competitive advantage – those who wait to figure out their UC strategies will be at a competitive loss**
- **Communication vendors will not only be the traditional switch vendors – new entrants will dramatically change the game**
- **Microsoft will shake up the market – don't underestimate its control over the user experience**