

ComputerWeekly – It's sad when friends fall out

By Clive Longbottom, Service Director, Quocirca Ltd

For many years, two companies at opposite ends of the technology spectrum were best friends. Microsoft, the software firm, and Cisco, the network company, worked nicely together, with Cisco writing code into its environment to fully support Active Directory and to integrate its services into Microsoft products like Exchange.

Both sides still say that all is well, and that they still are holding hands. However, the protestations that all is fine may well sound more like the dying days of a Hollywood marriage.

With both companies acquiring equivalent functions over the past few years via acquisitions - for example SSL virtual private networks, security and so on - it has been pretty clear that the cooperation is rapidly reverting to straightforward competition.

Now, with Cisco buying WebEx, we see yet another complexion to the whole relationship, and it may well be Microsoft that sees Cisco as the one doing the sleeping around, even though the spat could well be laid at Microsoft's door for its earlier antics.

At the basic level, it appears as if Cisco has just decided to take a punt at the web conferencing market, possibly just as a means of boosting its credentials as a company that can do a lot across a network. However, I believe that there is something far larger going on here.

Microsoft has just gone beta with its Office Communications Server (OCS). In here is a little bit of extra functionality: a voice over IP capability that it acquired through buying Teleo in 2005.

Through this, users will be able to carry out low cost or free telephone calls directly from their desktop, as the presence capability built in to the replacement to the Live Communication Server client (Office Communicator) will also be able to act as a softphone. With Session Initiation Protocol (Sip) gateways, it will be possible to bypass the existing copper line telephone systems and do all of your calls through the Microsoft environment.

This leads to a slight problem. Cisco and Avaya between them currently own the corporate VoIP market, and obviously Cisco wants to continue to be a dominant player.

Cisco's unified communications play looks at taking many of the coders and decoders used in audio and video communications and pulling them closer to the wire through its Service Oriented Network Architecture (SONA). This makes quality of service so much easier and loses some of the weak links in a VoIP chain. Microsoft is challenging this position - and Cisco needed to be able to be seen to be pre-emptively fighting back.

Now, Microsoft, through another acquisition, this time of PlaceWare in 2003, took a big bet on the provision of web conferencing and sharing software.

This has been pretty successful through the newly-named Live Meeting - a solid second place behind WebEx - even though many users complain of difficulties in getting things set up and working easily. However, this seems to be par for the course, even for WebEx.

Cisco's purchase of WebEx means it now has both VoIP and web conferencing capabilities with strong positions in the market. For Cisco, this software as a service play is more core to its strengths than Microsoft's Live Meeting equivalent.

Cisco's knowledge of networks, and of how to put in place quality of service, means that WebEx's offering should rapidly benefit from the acquisition. But beyond this, Cisco gets an extra way to play VoIP: if Cisco makes VoIP available as an on-demand service via an IP Centrex offering, we suddenly have a very compelling offer to the small and mid-sized business market.

This has historically been Microsoft's home ground, where it has been very successful in selling Exchange, SharePoint and Live Communications Server, especially when sold as a packaged part of Microsoft's Small Business Server, or via hosting partners who offer these products as an on-demand service.

Cisco, not so well-known in this environment, has been learning fast. Its acquisition of Linksys in 2003 gave it a consumer/small office, home office brand that it has successfully pushed higher into the SMB space. And it has used the experiences here to grow a good understanding of this market.

By keeping the WebEx brand, Cisco can play this into the SMB market without the preconceptions many have of Cisco being a high-cost, large organisation supplier. Even within the large organisations, WebEx is well-known enough that it should continue to sell itself, and the Cisco backing should only breed greater trust.

Another aspect then becomes the cost. Should Cisco be adventurous through offering attractively priced all-you-can-eat subscriptions or pay-as-you-go offerings, Microsoft would have to fight back.

The resulting pricing war could be good news for users - even if it would be bad news for others in the shared communication and collaboration space, particularly for on-premise systems, where the cost of acquisition is heavily outweighed by the cost of maintenance and support.

Finally, there is the end-user experience. Although companies such as Skype have taken off successfully, many people either miss having a telephone handset or go and buy a USB handset so that the call feels more natural.

Microsoft may go down this route, but Cisco has a full range of dedicated handsets that can integrate with the PC via standard Ethernet connections.

These handsets range from the cheap Linksys One systems up to full-colour executive handsets with web browsing capabilities - something that mid-market and large organisations will be looking for. Sure, Microsoft can link in these phones through Sip, but you lose a degree of functionality that Cisco's system keeps.

It would seem that the gloves may well be coming off, even though the forced smiles of a fading friendship may well look like both sides have had large injections of Botox. Although now far more competitive than we have seen for some time, both sides will have to keep working with each other, as they are present in the majority of shared accounts.

However, I believe that Cisco has taken the upper hand here, and that the WebEx acquisition is inspired. To be able to pitch directly against Live Meeting, and by timing the WebEx purchase before Office Communications Server becomes generally available, Cisco can plant the seeds of doubt in buyers' minds as to whether it is worth looking at the Microsoft offering at all.

But Microsoft can never be written off, as has been shown many times before. That Cisco may be a bigger challenge than Microsoft has hitherto thought may just force it into faster action.

The communication and collaboration market is taking another swing - and this falling out of friends should all be to the good for the end-user.

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Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

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