



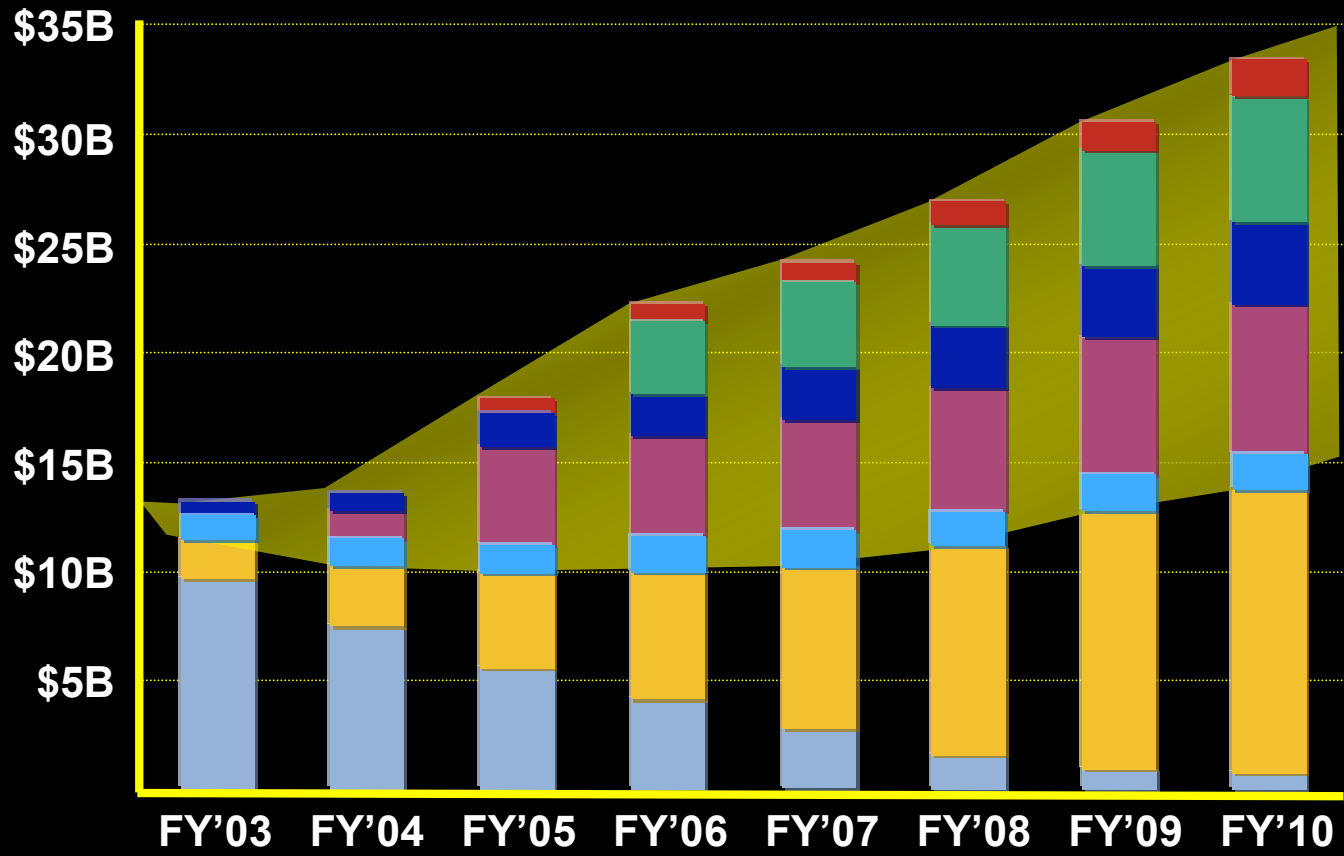
Cisco & the Microsoft Unified Communication opportunity



Massimiliano Caranzano
Senior UC Channel Manager
European theatre

Networkers, Cannes FY07

\$20B Adjacent Market in Unified Communications

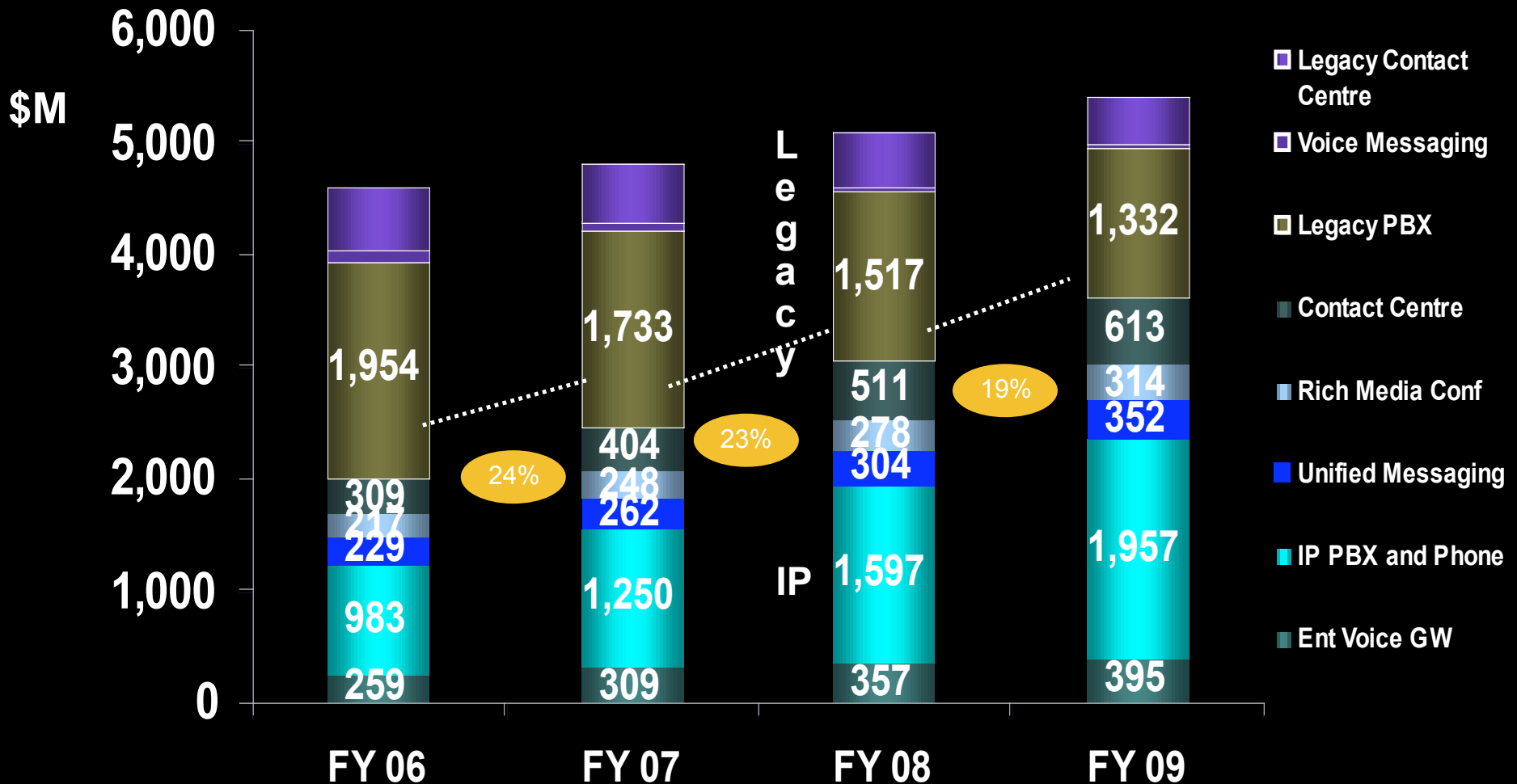


*Video,
Messaging,
Collaboration,
Customer
Contact,
Mobility*

*Telephony
Transition*

- IP Telephony
- Customer Contact
- Messaging
- TDM Telephony
- Collaboration
- Video Streaming
- Mobile Apps

European Addressable and Adjacent Market Projections For Unified Communications



Unified Comms Addressable	\$2B	\$2,47B	\$3.08B	\$3.63B
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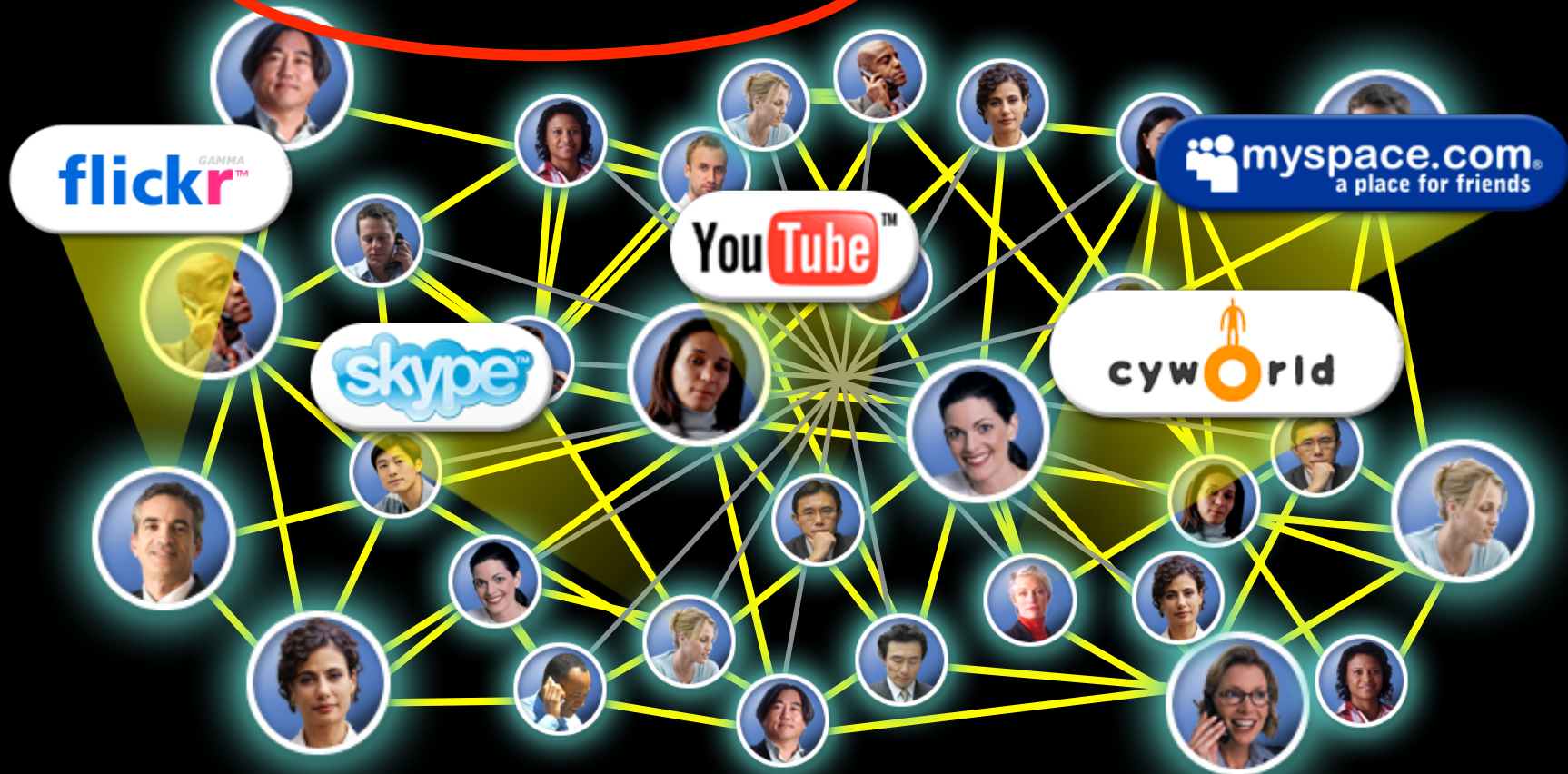
• Source: FMI/GMV Data based on Multiple Analyst inputs
 • Western Europe, Vendor Revenue
 • Full Definitions are in Slide Notes
 • Enterprise and SMB combined
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Cisco and MSFT Marketing



The Human Network



Connecting People

Consumer/Data Center

Wide Range of Customer Needs



Meeting the Demand to Stay Connected



Business Challenges

- Customer Responsiveness
- Communication Overload

Technology Limitations

- Disparate communications solutions
- Management nightmare

Connected Media Devices

New business opportunities



New generation of consumer electronics that have embedded agents and are network and content aware

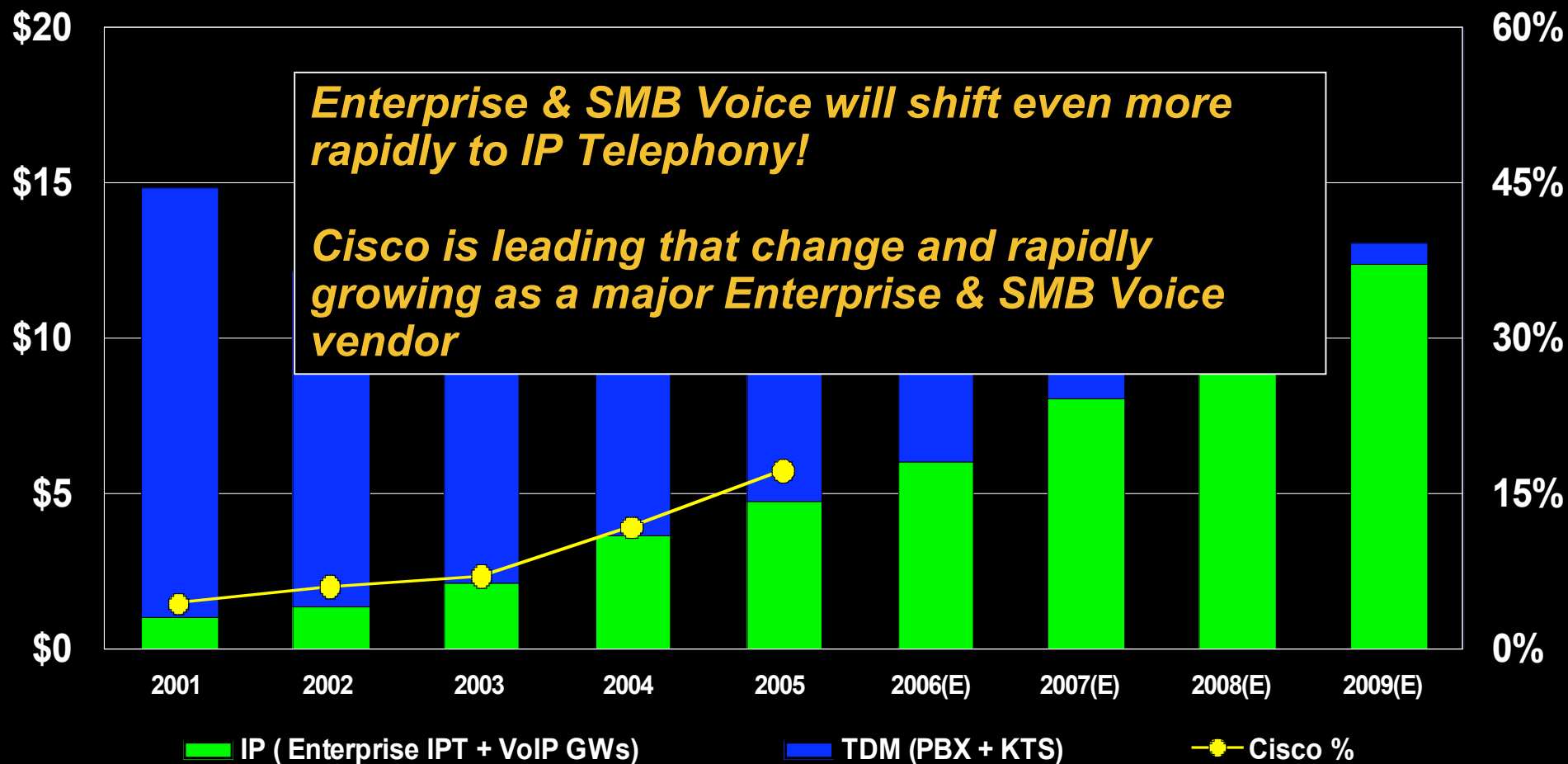
The Shift to IP Will Accelerate: Worldwide Enterprise Voice Market – Revenue

WW Enterprise Voice Market

Source: Synergy Research

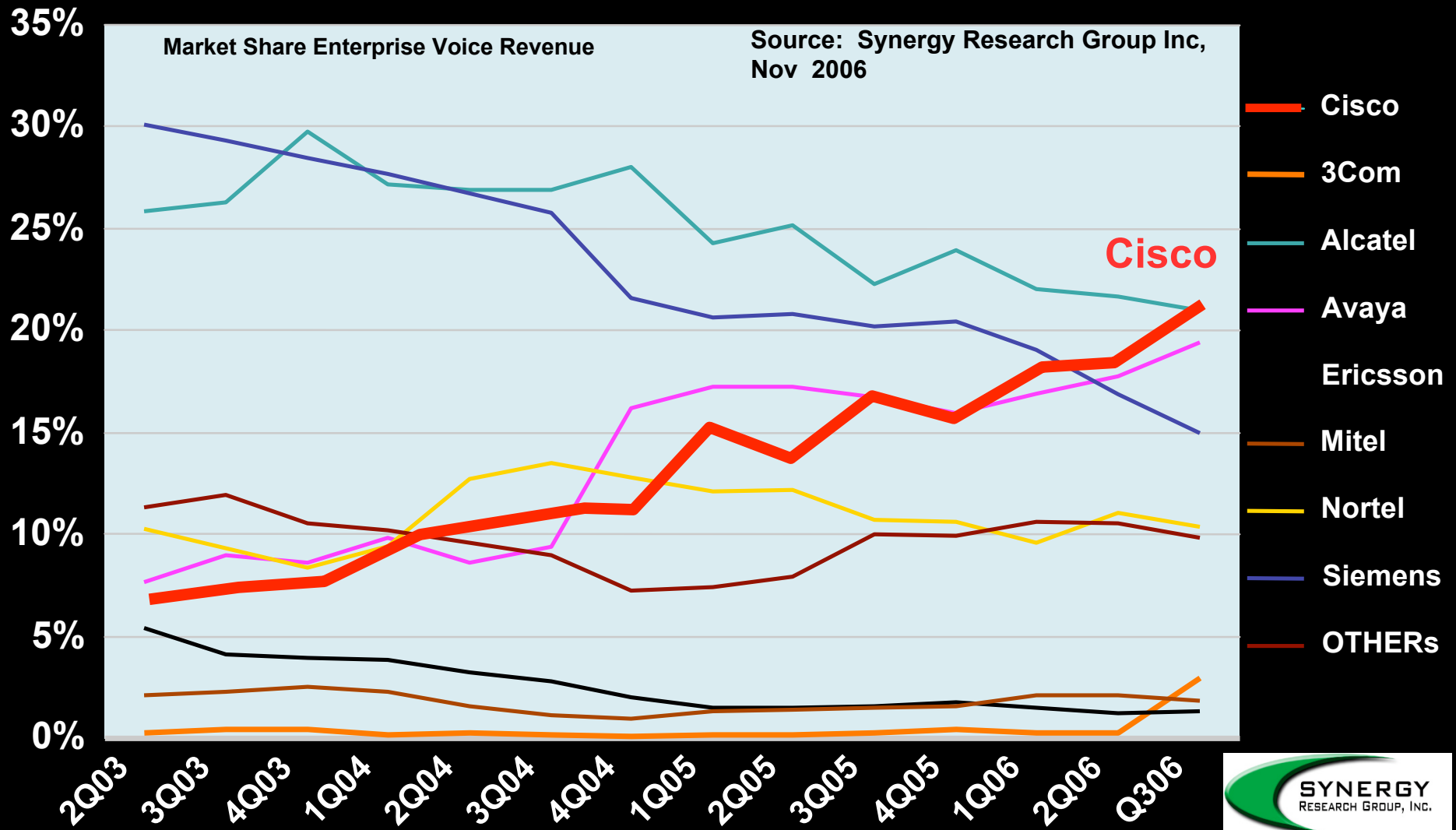
Total Revenue (B\$)

Cisco Market Share



Cisco is Number 1 in Enterprise Voice in EMEA

(Includes Traditional PBX, Hybrid and Pure IP and Voice gateways)





MOC

Microsoft Office Communicator



Microsoft Office Communicator (MOC)

The basics:

Favored client of LCS

Make call, click to dial, divert

Accept call, transfer, conference

Audio, video conversations, conferences

Conversations: VoIP/ T120 off workstation

Functionality:

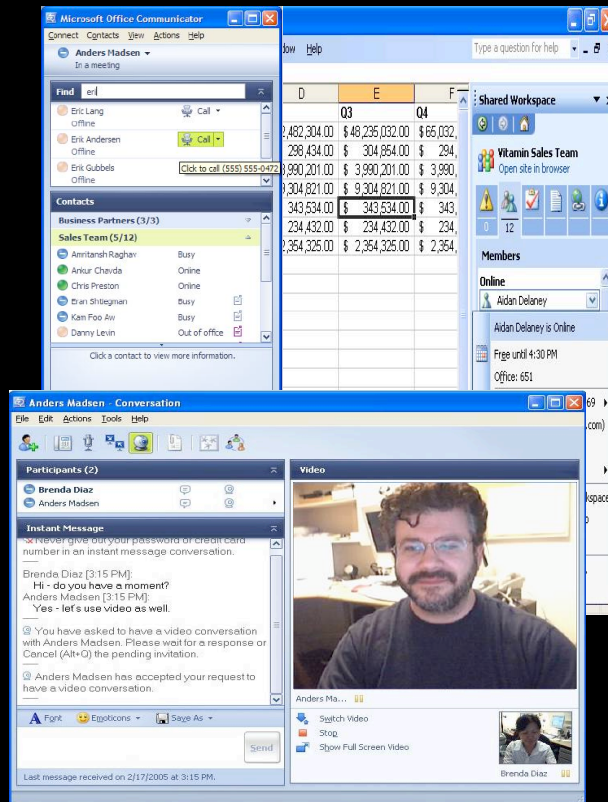
Details presence info

Integrates with Outlook, Exchanger server

Can remotely control phones via SIP/CSTA

IM, email, conferencing, video or voice calls

Remote control through various 3rd party GWs





LCS/OCS

Live Communications Server
Office Communications Server



What is Live Communications Server 2005?

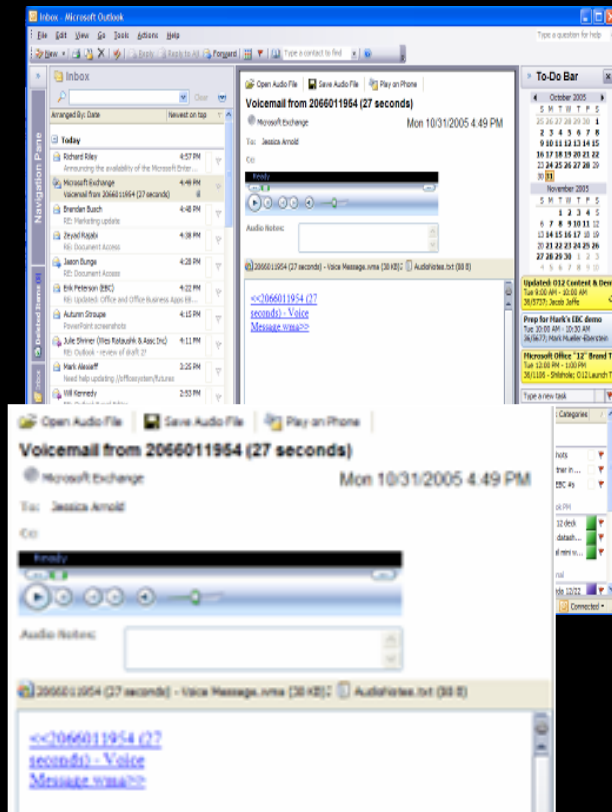
- Platform that provides a scalable, enterprise-grade **instant messaging** and integrated **presence** solution.
- It supports **peer-to-peer audio, video**, application-sharing and data collaboration, instantly accelerating the workflow of today's information workers.
- Live Communications Server 2005 improves business efficiencies across organizational boundaries by extending IM and other **real-time communication** capabilities to trusted partners, customers and suppliers.



Exchange 2007



Exchange 2007, Unified Messaging



The basics:

In phase 2 beta

FCS: early 2007

Vmail, fax in Exchange inbox

ActiveSync pushes email to mobile devices

Outlook Web, Voice Access - similar benefits

Functionality:

Supports RTP, SIP protocols

Will not support 32 bit only servers

Will only run on 32/ 64 bit hybrid servers

Will integrate with all other Office programs

Requires 3rd party VoIP GW to connect to PBX



Microsoft Live Meeting



Live Meeting

The basics:

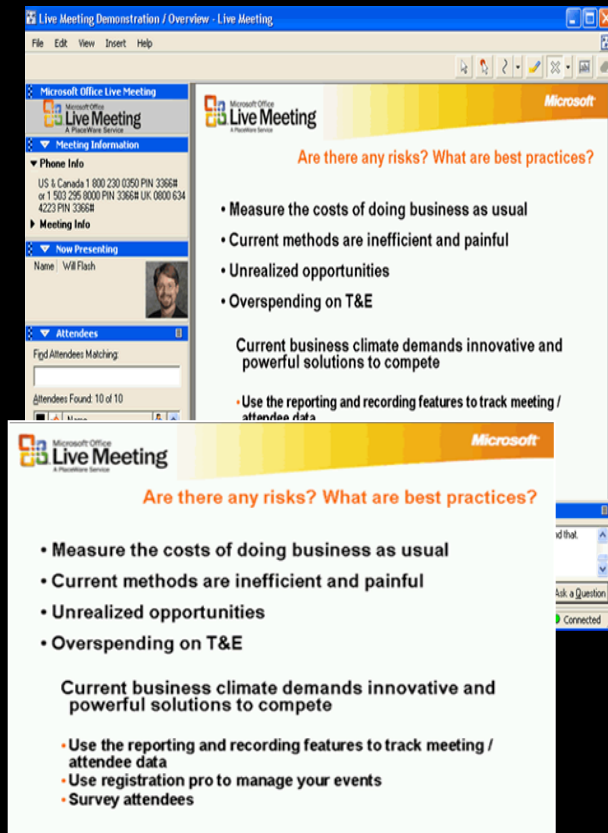
Hosted web conferencing

Supports app, data sharing

Start meetings from Office programs

Provides broadcast (one-way) VoIP audio

Can provide 3rd party audio conferencing (MCI)



Functionality:

Text chat

White-boarding

Desktop, app sharing

Web touring, co-browsing

PowerPoint effects, including animations



MSFT short-long term Strategy



Microsoft Short Term Strategy

- With the introduction of LCS 2005, Microsoft has begun an aggressive marketing initiative in Enterprise accounts to gain mind share with their RTC solution
- It's clear they **need time** to build up the missing components of their UC solution
- Microsoft could try to **stall legacy PBX migration** and “freeze” investment decisions positioning their migration from LCS to OCS and future products until the ICA solutions are available.



The MSFT UC and “ICA” announcements



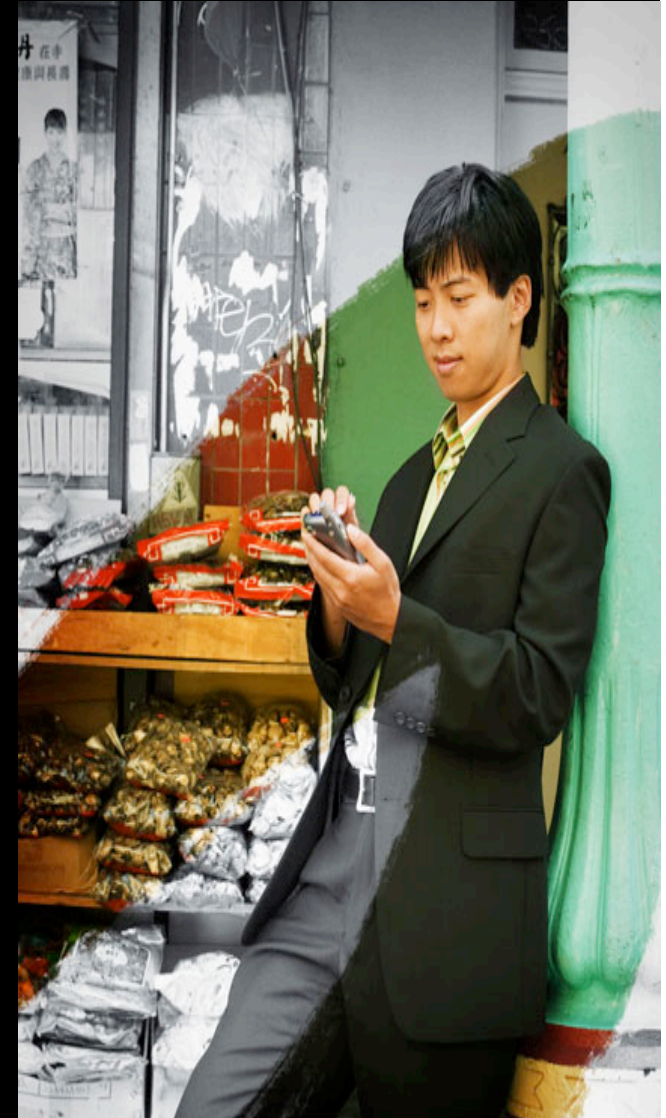
Microsoft's UC Announcements

June 26, 2006 (Unified Communications):

- UC as “all forms of business communication”
- LCS/OCS – Call control & Office integration
- Mobile version of Microsoft Office Communicator

July 18, 2006 (Nortel Alliance):

- Joint development & technology licensing
- Coordinated sales & marketing
- Nortel **SYSTEM INTEGRATION**



Snapshot of ICA: Innovative Communications Alliance

- **4-year** agreement for joint product and solution development in pursuit of “Advanced Unified Communications” – **software-based call control** and communication applications integrated with UC platforms and **business applications**
- **Joint** buz dev, mkt, **sales and channel GTM** strategy -- Sales teams and channels of both companies will be trained and supported to sell the ICA portfolio
- End-to-end software and infrastructure play, leveraging **Nortel hardware**

Microsoft Perspective

- MSFT needs to fill the gap and build an enterprise **class call control**
- Nortel can provide Microsoft an **end-to-end solution** play through the ICA alliance and integration services
- Microsoft inherits **credibility** as a voice provider that would take years to build independently
- The ICA alliance provides Microsoft with a **potential inside track to Nortel's large global installed base**
- ICA leverages joint **sales and channel teams**
- The ICA alliance, while highly enterprise-focused, will also leverage Nortel's position in the **carrier space**

Nortel Perspective

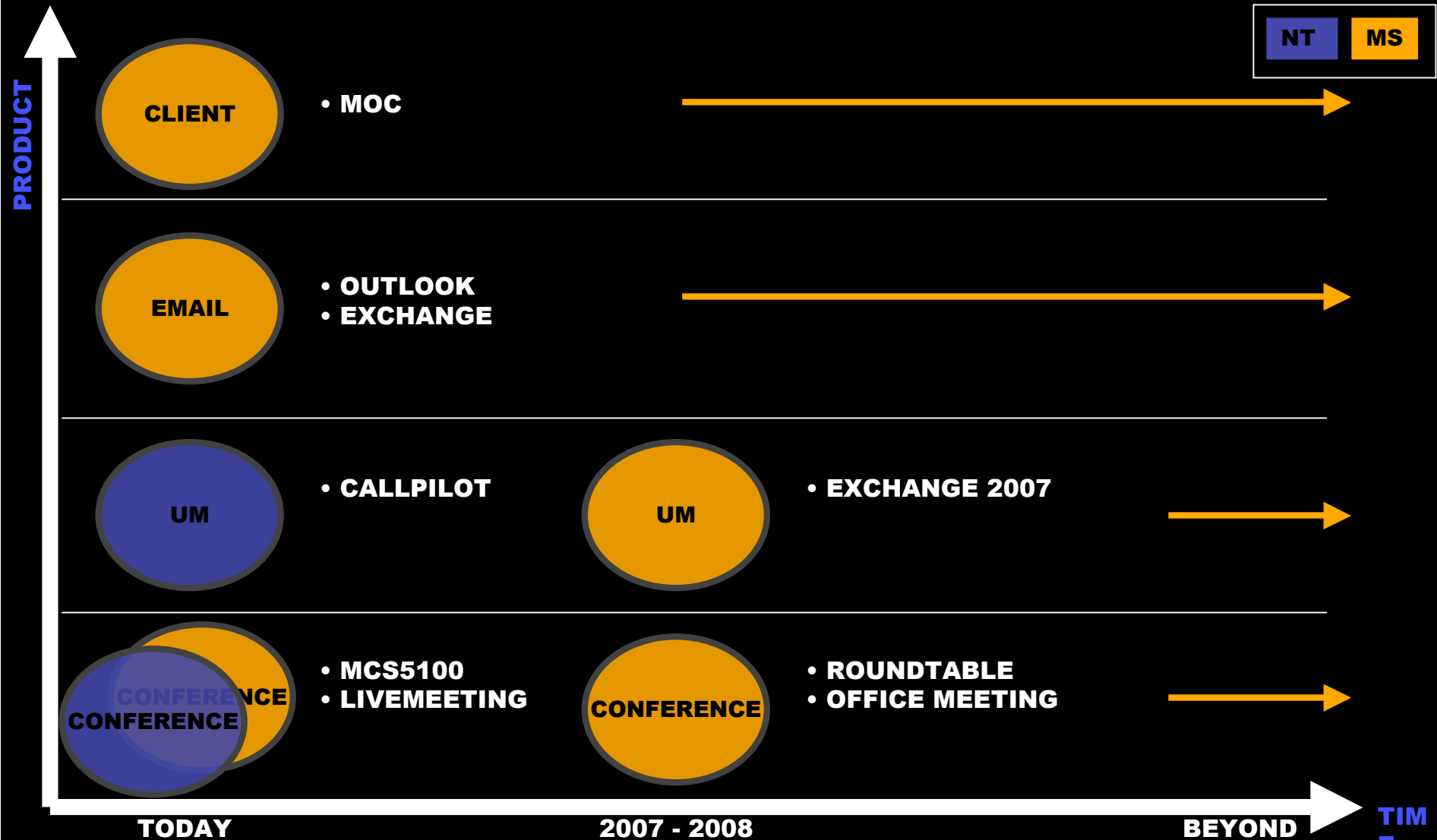
- Brings Nortel back in the game
- Nortel becomes a strategic **systems integration** partner for the advanced unified communications solution.....
-but....is Nortel the unique MSFT sys integrator?
- Nortel believes it can capture substantial new revenue through **service offerings** such as convergence planning, integration, managed services
- ICA is a **4 years agreement...**and then?



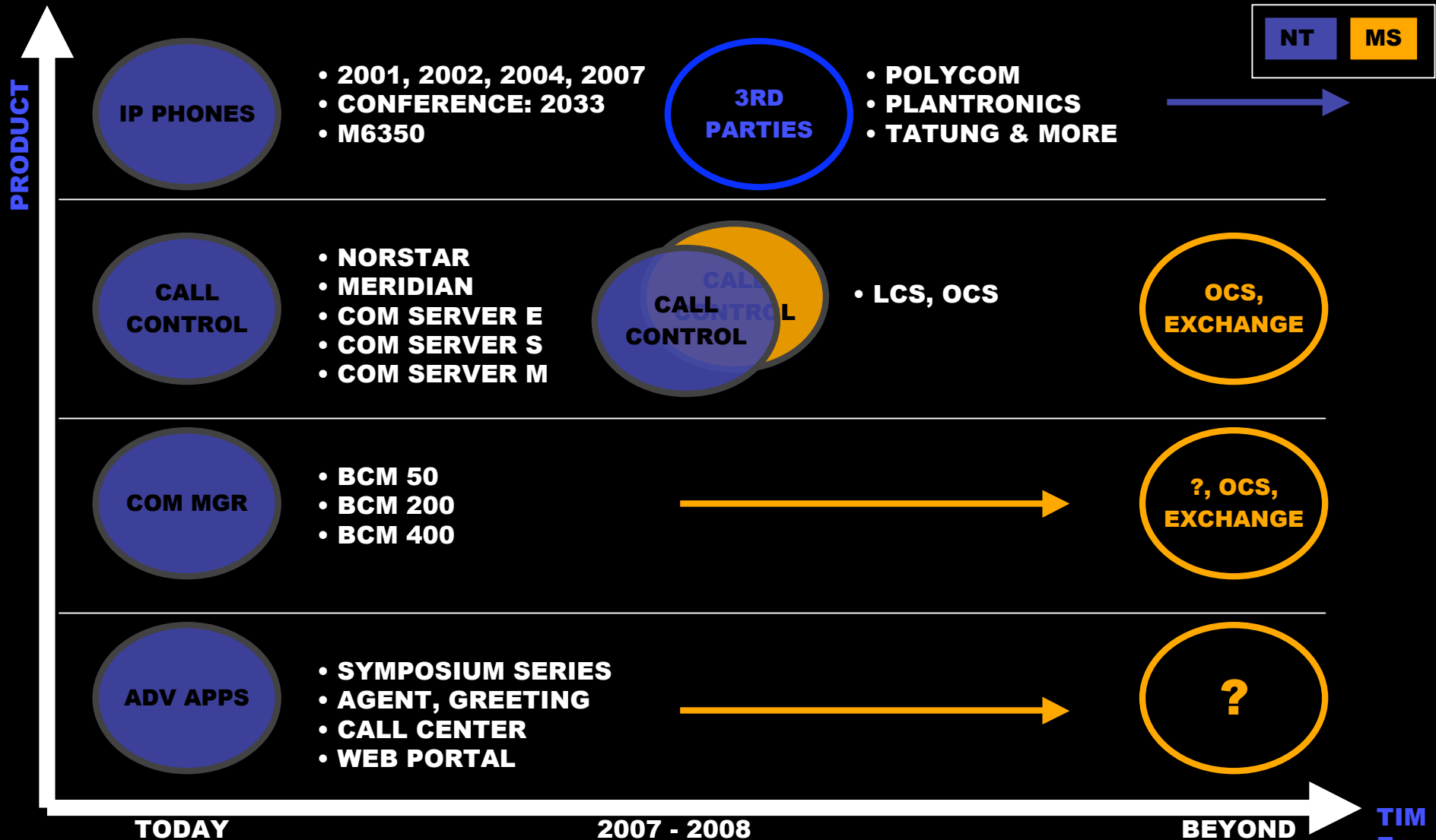
Cisco vs ICA



Their UC value and roadmap



Their UC value and roadmap



“Nortel outlines roadmap for Microsoft partnership”

- 14th December 2006

Question:

“On the product front, there were those in the PBX business who accused Nortel of **sleeping with the enemy by allying with Microsoft**, in that OCS itself is destined to take on an increasing number of PBX features.”

Answer:

“Nortel execs reply that **the writing is already on the wall for hardware-based PBXs**

Services:

“Perhaps the most significant money-spinner for Nortel from ICA, however, is the **area of services**, and indeed, the company is already recruiting staff for an EMEA
.....”

“Enhances Integration Expertise With Microsoft Gold Certified Partner Status”

17th January 2007

NEW YORK – Nortel has added 11 core **integration services and a structured convergence integration approach for customers - featuring regional collaboration centers jointly staffed and operated with Microsoft* - to its **growing portfolio of services** designed to help ease the path to unified communications for businesses around the world.**

In addition, Nortel has enhanced its proven deployment expertise in real-time IP and unified communications by **achieving Microsoft's elite Gold Certified Partner status.**

.....



ICA "Journey"



Journey to a TRANSFORMED state

- MSFT and Nortel talk about gaining customer commitment for their “journey” to a “Transformed” state having three stages:

Segmented

separate application silos with their own unique clients. (prior to establishment of ICA)

Integrated

integration between existing PBX and UC applications utilizing *common smart client interfaces*. (2007-2009)

Transformed

customized, feature-level delivery of traditional voice applications embedded in LOB and Vertical business applications, and layered on top of an “extensible” UC platform, presumably OCS 200X. (2010+)

Segmented

- What they say:

“Right now, the industry is in the "segmented phase," with phone, e-mail and other features running separately. But there is a shift to the "integrated phase," with some features working together but some back-end capabilities still running independently. Ballmer expects **this phase will last from 2007 until 2009.** The final phase is the transformation to unified communications, which **they expect will begin in 2010 and beyond”**

Integrated

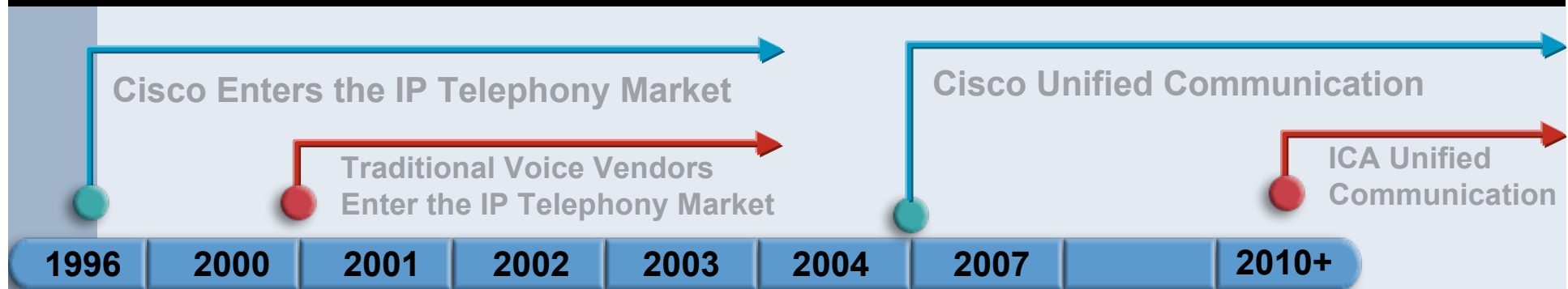
- It's interesting that they don't use the word "converged" but integrated and they talk about a **common client interface to "integrate" a traditional PBX** with UC applications.

Transformed

- This sounds more as a brand new architecture to deliver TRUE UC solutions like the one we already have TODAY: SONA
-but their one has been postponed to **2010+.**

(The delivery model ascribed to the “Transformed” stage was previously targeted for availability in 2008 based on analyst presentations at VoiceCon Fall in August 2006, but has now been pushed back two years.)

Cisco Is the Most Experienced in Unified Communication



Today ICA is in the “Integrated phase”, Hybrid PBX

ICA will release a Unified Communication solution in 2010+

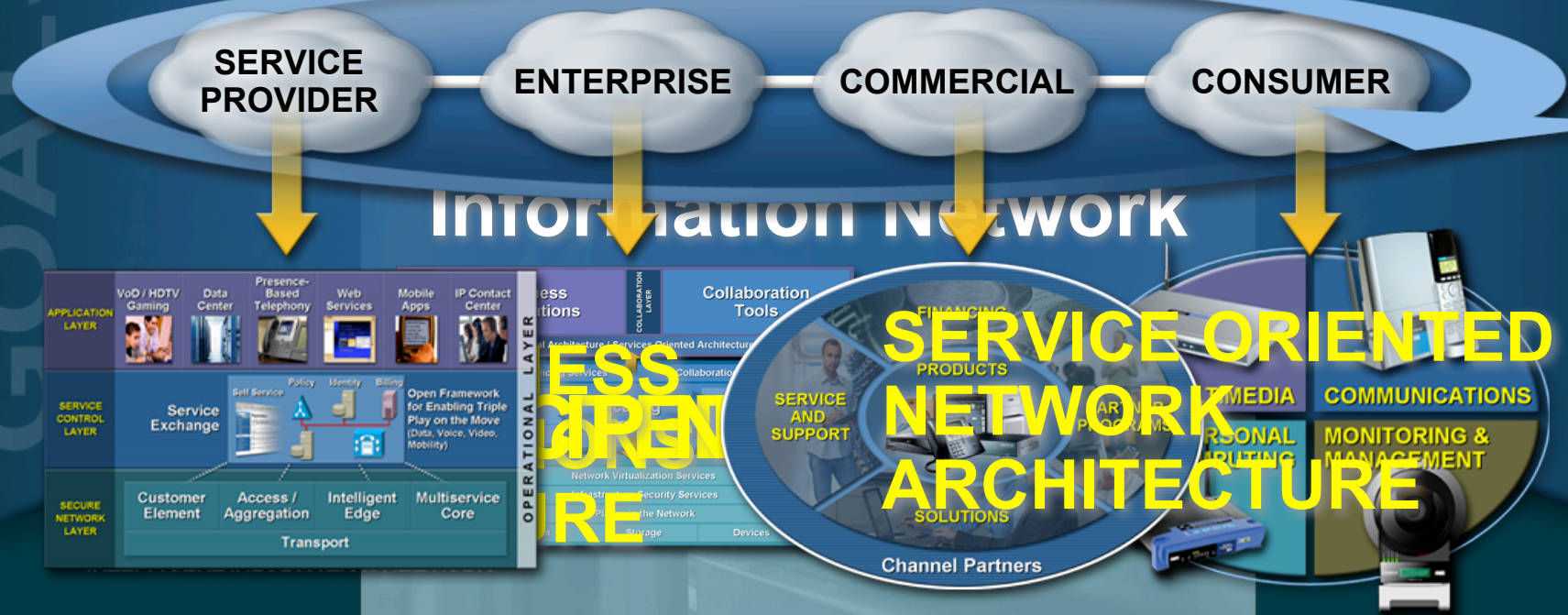
Cisco Unified Communication available **today**

Cisco UC fully integrated with Microsoft **today**

Key Take Away

- The **TRUE Unified Communication** is not a matter of just a unified client integrated with a traditional PBX IP enabled but rather a **converged** and integrated **architecture** and **network platform** for people to build business and transform life's experience.

Technology Strategies Tailored to Our Customers



Cisco TelePresence

Redefining How People Communicate



Vertical markets

14th December 2006

- “Nortel execs reply that **the writing is already on the wall for hardware-based PBXs**, at least in large segments of the market - Rowe said companies in the **100-seat range are the most likely to go the Microsoft VoIP route**. As such, Nortel's alliance with Microsoft was simply recognition of the inevitable, according to Nortel.”

17th January 2007

- It also appears that **MSFT may be restricting the focus of ICA to the Enterprise segment**. There was no reference to BCM, and Ballmer indicated SMB customers would be targeted by MSFT's indirect channel partners rather than ICA.

Some of the 150+ Cisco Unified Communications Customers Who Have Deployed over 5,000 Cisco IP Phones



FLORIDA INTERNATIONAL UNIVERSITY



Accenture

Ford Motor

Novo Nordisk



Novo Nordisk



British Airways

Lehman Brothers



City of Dallas

City of Toronto

DaimlerChrysler

Media Saturn/metro Group (Germany)

State Street



Velero Energy Corp

Wipro Limited (India)

Some of the **45+** Cisco Unified Communications Customers Who Have Deployed **over 10,000 Cisco IP Phones**

- Abbey National (*United Kingdom*)
- Accenture
- AT&T
- Bank of America
- Boeing
- City of Torino, Italy
- DHL (Deutsche Post) (*Germany*)
- Ernst & Young
- Ford Motor
- Getronics (*Netherlands*)
- Hewlett-Packard
- IBM
- Lehman Brothers
- Media Saturn/Metro Group (*Germany*)
- NCR Corporation
- Nestlé
- Northrop Grumman
- Novo Nordisk (*Denmark*)
- Oracle
- Royal Bank of Canada
- State of Minnesota
- State Street Corp
- Wachovia

Some of the **15+** Cisco Unified Communications Customers Who Have Deployed **over 25,000 Cisco IP Phones**



LEHMAN BROTHERS



ORACLE





Cisco & MSFT



Cisco and Microsoft—The Bottom Line

“Microsoft will be a **partner** at times and a **competitor** at times...”

John Chambers,
CEO, Cisco

“With Cisco... there are important acts of **collaboration**, but also definite aspects of **competition**.”

Steve Ballmer,
CEO, Microsoft

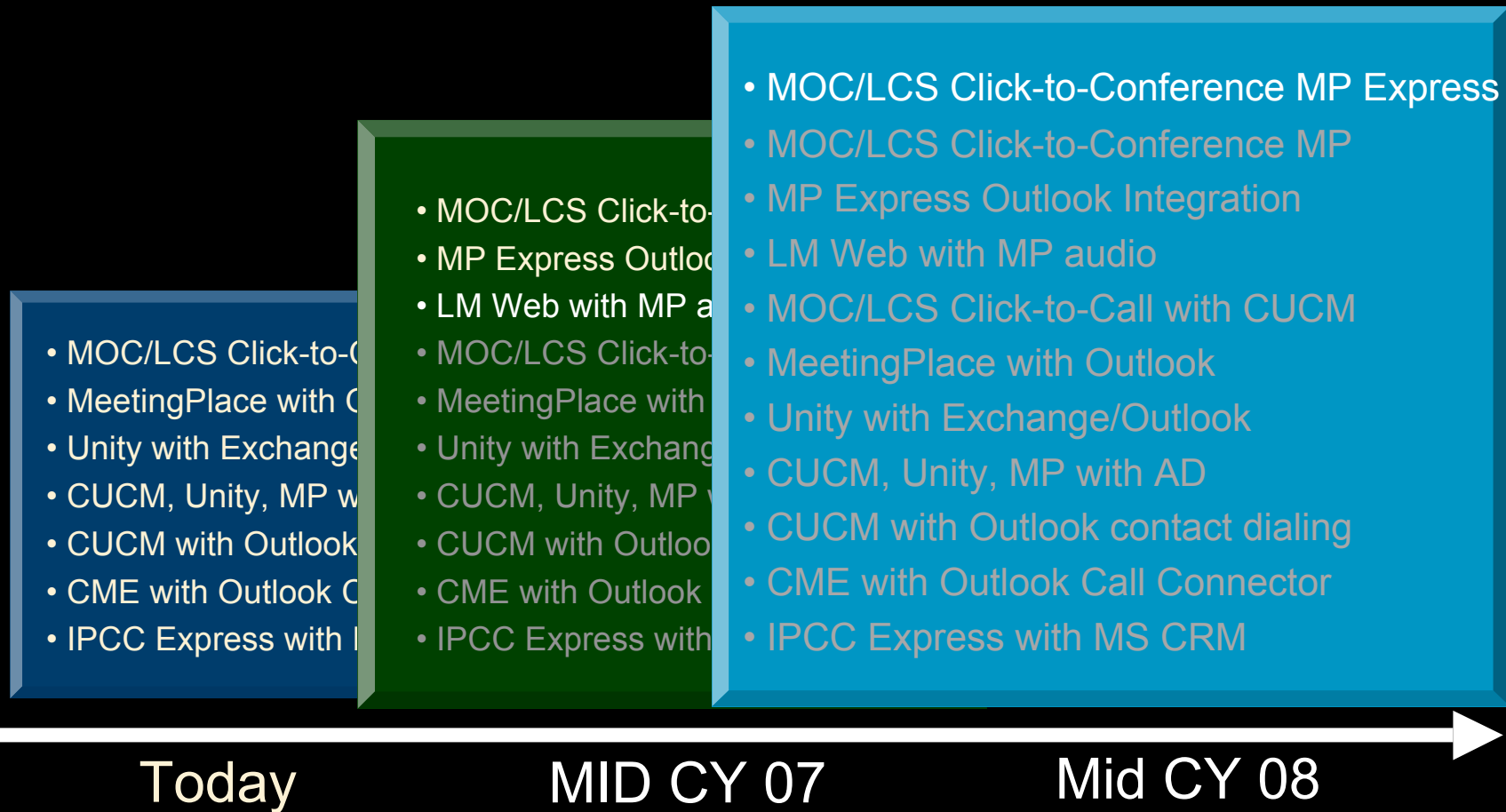
Cisco positioning

- The core of the strategy is to **do what's right for our customers**
- In UC, we must integrate with MSFT where appropriate to meet **customer** needs
- Cisco can deliver a **true end-to-end solution TODAY** through trained, experienced & specialized channel partners
- **We have today and will continue to deliver key integration with Microsoft to meet customer needs**

Cisco Collaboration With Microsoft

1. Joint marketing, selling
2. Joint standards / IETF working groups (WG):
 - ICE in MMUSIC WG
 - Conferencing work in XCON WG
 - URI List subscriptions in SIP WG
 - Interdomain IM work in SIMPLE WG
 - STUN and TURN in BEHAVE WG
 - Presence requirements in SPEERMINT WG
3. Technical integration

Integrations Roadmap: Today and Tomorrow



Cisco UC and Microsoft CRM Momentum



Global/20 Languages

60+ US Events

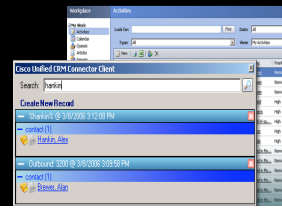
150+ FastStart Partners

1300+ Joint Partners Trained

40M+ PR Impressions

look poweredbycisco. who's calling

Get on the same page as the customers the moment they call.



Microsoft Dynamics™ CRM

