

# View of Microsoft's new IP landscape

What impact will the software giant's unified communications announcement have on its partners? **Keith Humphreys** finds out

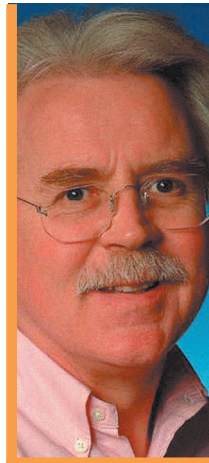
» Shivers ran down the spines of the communications industry on 26 June when Jeff Raikes, resident of Microsoft's Business division, delivered the firm's unified communications (UC) announcement. The message to IT managers was clear: 'Stop your spending on IP telephony [IPT], because Microsoft is changing the landscape.' By this Microsoft meant changing the landscape not only in terms of corporate, workgroup and individual productivity, but in terms of return on investment because IPT will be a software solution.

Raikes said that the current IPT vendors did not share its vision for the next wave of communications-enabled business processes. So have Avaya, Cisco and Mitel been remiss? EuroLAN has stated that VARs are not being educated in selling the benefits of IP communications. They are selling PBX replacements based on savings from call-arbitrage. It was getting tiresome having to attend yet another launch of the latest IP telephone handset, underlining that we were still in the first wave of IP communications.

On 18 July, Steve Ballmer and Mike Zafirovski, chief executives of Microsoft and Nortel respectively, announced that they were forming the Innovative Communications Alliance. In essence there is a payment from Microsoft to Nortel for intellectual property that will be embedded in Microsoft Communications Server 2007. But it extends to the R&D and co-development, with cooperation in sales and marketing and in systems integration.

Steve Ballmer stated: "In the course of the next *n* years – where *n* is a relatively small number – all communications in businesses and organisations around the world will move to IP." He went on to describe the relationship with Nortel along the same lines as the relationship with Intel, Hewlett-Packard and Dell.

What does this mean for Nortel and its partners? Although Microsoft was recently reported to be a firm favourite brand among consumers (see box, bottom right), it has a poor record with communications partnerships. For



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EuroLAN

Nortel, the alliance is a gamble, but the odds could be stacked in its favour, because Microsoft will want to share the UC developments with others by ensuring they are interoperable.

According to Zafirovski: "Our new relationship with Microsoft represents an opportunity to create more than \$1bn of revenue for Nortel in the next three years. Tight integration and joint go-to-market strategy is at the core of this alliance, and will give us new opportunities to greatly expand the means for integration services."

Nortel has set up a Business Solutions Group to provide these services. The firm is preparing to make a similar transition to the one that IBM made 10 years ago into a services firm. Its recent Rolls Royce win, where Nortel is providing voice and data as managed services, is further proof.

Making the transition to services and system integration is the right step for Nortel. Its partners will have access to a plethora of co-developed and Microsoft branded products. But Nortel must define clearly when it is going directly to the customer to avoid conflict.

It will be interesting to see whether Microsoft's investment in acquiring Nortel intellectual property will buy any degree of loyalty. If it does not, then this alliance will just serve to open the door for Nortel's competitors. **CRN**

» Keith Humphreys is managing consultant at EuroLAN.

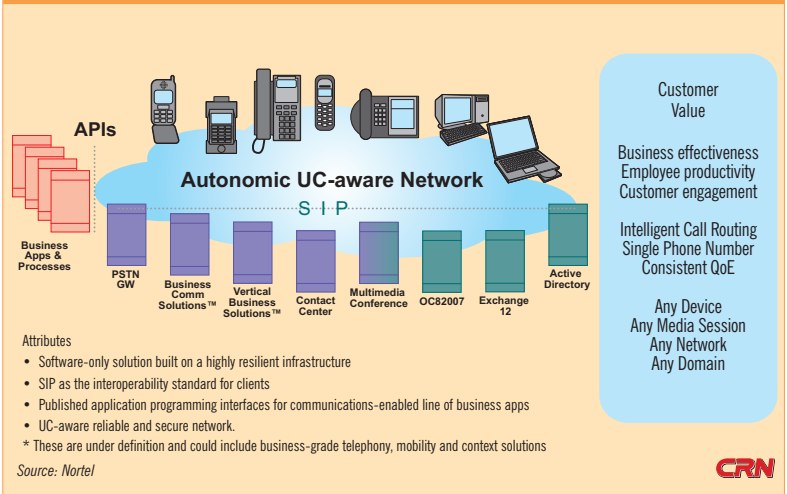
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## MICROSOFT'S EXPANDING ECOSYSTEM IN UNIFIED COMMUNICATIONS

Vendor	Activities
Intel	Interoperability among its collaboration platforms and media gateways with Microsoft's unified solutions. Integration of legacy Public Switched Telephone Network (PSTN) infrastructure with Microsoft Office Communication Server 2007
AudioCodes, Eicon Networks, Quintum Technologies, VegaStream, Welltech	PSTN gateway interoperability with Microsoft's unified communications solutions
Alcatel, Avaya, BT, Cisco, Mitel, NEC, Nortel, Siemens	SIP-based interoperability between voice communications solutions and Microsoft Office Communicator 2005
LG-Nortel Co, Polycom, Thomson Telecom	To develop and market IP-enabled business desktop phones
GN Netcom, Logitech, Plantronics Samsung, Tatung	To deliver a range of business communications peripheral devices such as USB handsets, wireless USB handsets, wireless USB headsets, USB webcams and PC monitors with built-in audio and video components
Hewlett-Packard	To provide enterprise systems and system integration services for new and enhanced products based on Microsoft's unified communications platform
Motorola	To deliver mobile devices and network hardware based on Communications Server 2007 and Microsoft Office Communicator Mobile
Siemens	To advance the transformation of telephony – audio, video and web-conferencing; instant messaging and email – into a single unified communication platform

Source: Microsoft **CRN**

## THE EVOLUTION OF NORTEL AND MICROSOFT'S JOINT UNIFIED COMMUNICATIONS SOLUTION



## UK CONSUMERS' TOP 10 FAVOURITE BRAND NAMES (REGARDLESS OF PRICE)

Position	Brand	Position	Brand
1	Audi	7	Nikon
2	Microsoft	8	Royal Doulton
3	Sony	9	ASDA
4	Dyson	Joint 10	Coca-Cola
5	Andrex		Duracell
6	BUPA		L'Oreal Paris Fairtrade

Source: YouGov SuperBrand UK Survey **CRN**