

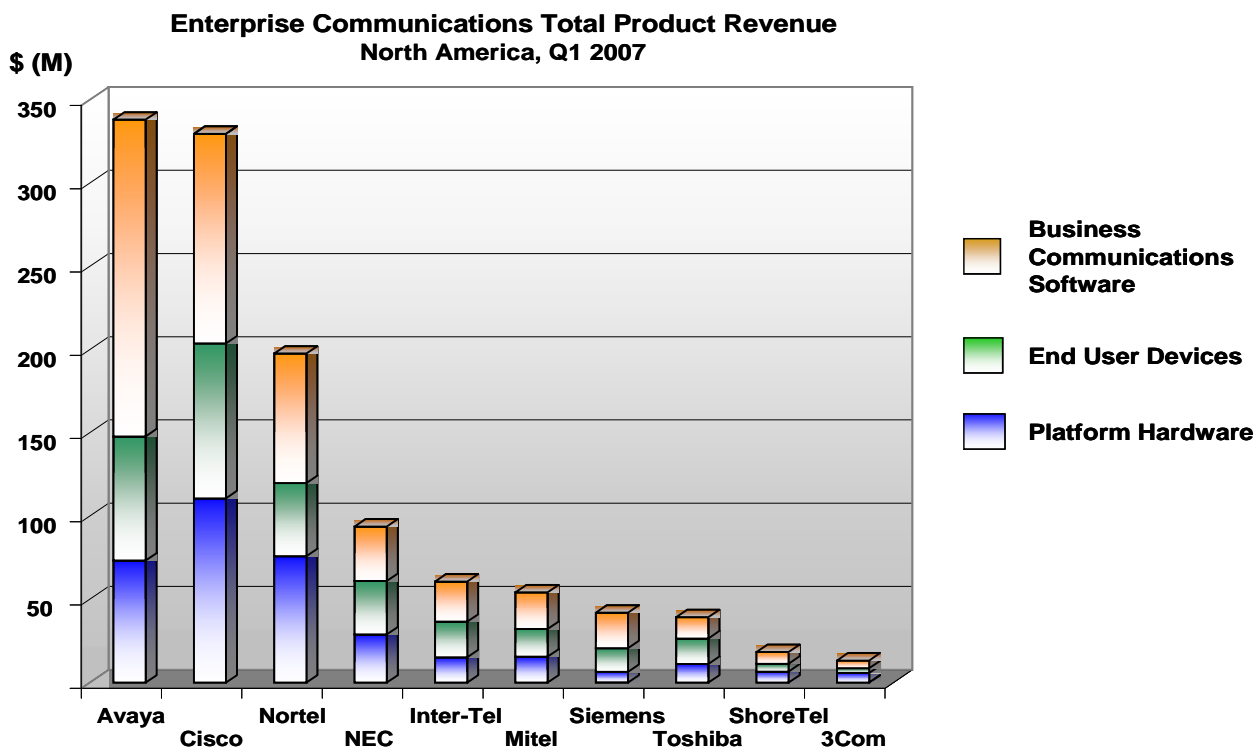


## Avaya and Cisco in Virtual Tie for Enterprise Communications Market Leadership

According to new research from industry analyst firm [IntelliCom Analytics](#), Cisco is rapidly closing in on Avaya's leadership position in the North American Enterprise Communications market. For the first three months of 2007, Avaya garnered **20.9%** of total manufacturer product revenue, while Cisco trailed by less than a point at **20.2%**. Nortel, which continues to narrowly lead Avaya and Cisco according to the traditional line shipments view, came in third with **12.1%** when measured in terms of total revenue.

In providing comprehensive market performance tracking, IntelliCom measures the manufacturers based on volumes and associated revenues that are segmented by major solution component categories including platform hardware, end user devices, and Business Communication Software (BCS) applications. BCS applications include Messaging, Contact Center, Call Control, and emerging Unified Communications solutions. Unlike the hardware and device categories that are measured by number of units shipped, the volume measurements for BCS applications are based on the number of activated end user software licenses or "seats".

**First Quarter 2007 Market Share Chart**



The IntelliCom research also found that BCS applications accounted for **43%** of total manufacturer product revenue in the first quarter of 2007, while platform hardware and end user devices accounted for **31%** and **26%** respectively. "As Enterprise Communications architectures evolve from the delivery of traditional voice functionality to providing a foundation layer for advanced applications, they are becoming increasingly software-centric", explains Frank Stinson, director of IntelliCom's Market Performance Dashboard research program. "Each vendor's particular mix of hardware, devices and software functionality is fairly unique and requires a more detailed set of measurements to fully assess their market performance – the days of everyone selling standard PBXs that can be universally tracked through simple port-based metrics are clearly over."

A comparison of Cisco and Avaya illustrates this point. Although nearly identical in terms of total market revenues, software applications accounted for the majority of Avaya's product revenue, while platform hardware and devices combined to form the bulk of Cisco's. "Avaya's installed base customers often retain key platform hardware and device elements when upgrading to more advanced solutions, while Cisco is more likely to offer a completely new voice infrastructure to support emerging capabilities", adds Stinson, "Traditional market tracking approaches make no distinction of these two very different types of activity."