

Ericsson Deal Could Expand Aastra's Enterprise PBX Presence

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Aastra is buying Ericsson's enterprise PBX business. The deal will give Aastra the scale and breadth to become more of a challenger in the market, especially if it invests in innovation.

NEWS ANALYSIS

Event

On 18 February 2008, business telephone system manufacturer Aastra Technologies announced it has entered into an agreement to acquire Ericsson's enterprise PBX business. The deal is expected to close in April 2008.

Analysis

Aastra is acquiring Ericsson's installed base of 100,000 clients and 37 million lines, and all products sold through its indirect channel. It also gains a fully operational organization, including the management team. Ericsson will retain some 200 employees that focus on products sold to operators to support enterprise mobility.

Aastra believes this acquisition will give it increased scale to be a leading player in Western Europe while creating a presence in key global markets outside North America. This deal will make Aastra the largest player in Western Europe and No. 6 in the world in the PBX market in terms of revenue and line shipments. But the deal is clearly a disposal by Ericsson rather than a technology acquisition by Aastra.

Aastra has historically operated like a holding company, marketing and selling its acquisitions of Detewe, Ascom and Matra brands independently. There hasn't been a consolidation of business units to make Aastra a more viable proposition for enterprises. Ericsson's business unit gives Aastra the scale and breadth to become more of a challenger in the market if Aastra's management team takes this opportunity to reorganize and focus on the enterprise. But becoming a winning player will require more investment in innovation than Aastra has been prepared to commit to in the past.

Aastra potentially gains partnerships with Microsoft and IBM for unified communications, and a partnership with HP for resale and installation of products along with server provisioning. But much of this relies on the Ericsson brand, which may disappear with this acquisition. Aastra will also get Ericsson's Solidus eCare suite. The multiplatform contact center suite could be a better call center solution than those Aastra has in its various portfolios.

The proposed deal highlights two notable trends:

- Continued consolidation in the PBX market.
- Infrastructure providers separating their enterprise-focused business units from their wider operations. For example, Nokia-Siemens no longer has an enterprise business unit.

RECOMMENDATIONS

- **Ericsson and Aastra customers:** Consider remaining a customer, especially for mobility-centric solutions, if Aastra creates a focused business unit. Otherwise, review your future communications needs and validate that Aastra's innovation strategy will keep pace with them.
- **Prospects:** Evaluate all enterprise telephony providers based on your needs, and don't rush to become an Aastra customer unless you can see sufficient value for money from the combination of enterprise products.

RECOMMENDED READING

- "Predicts 2008: New Names, Offerings Drive Enterprise Telephony" — An increasing familiarity with the concept of unified communications is motivating organizations to be more strategic about their choices regarding telephony architectures and platforms. **By Rich Costello and others**
- "Dataquest Insight: Enterprise Telephony Equipment Market, Worldwide, 3Q07" — Extension line shipments in the global enterprise telephony market increased by 4.3% during the third quarter of 2007, but Ericsson and Aastra were only the eighth- and tenth-placed vendors. **By Megan Marek Fernandez**

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