

## Jabber Buy Helps Cisco Raise the Stakes in the UCC Market

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Cisco's plan to acquire instant-messaging provider Jabber confirms that it will engage in a head-on competition with Microsoft, IBM and Google in the unified communications and collaboration market.

### Event

On 19 September 2008, Cisco announced its intent to acquire the privately held instant messaging (IM) and presence vendor Jabber. The deal is expected to close during 1H09. Financial terms of the deal were not disclosed.

### Analysis

Cisco's latest acquisition comes during the consolidation of the IM market, as vendors focus on building a strong IM and presence platform to serve as the foundation for their unified communications and collaboration (UCC) initiatives. Presence is a critical function of a UCC portfolio and Jabber has positioned itself as a presence-focused vendor.

By acquiring WebEx in 2007, Cisco gained a software-as-service (SaaS) platform for Web conferencing, along with other collaboration services such as team workspaces, shared calendaring capability and AIMPro (an IM technology in which WebEx had partnered with AOL). Cisco has sought to strengthen its e-mail offerings through its PostPath acquisition (announced in August 2008), as well as its IM and presence offerings through the pending Jabber deal. The Jabber acquisition signals a furthering of Cisco's standards-based rich presence initiative to aggregate and surface multiple sources of presence. With its "network as a platform" vision, Cisco has a key opportunity in a market dominated by IBM and Microsoft to push interoperability between IM and presence protocols, among which Extensible Messaging and Presence Protocol (XMPP) and Session Initiation Protocol (SIP)/SIP for Instant Messaging and Presence Leveraging Extensions (SIMPLE) are the leaders.

Advantages of this deal for Cisco include:

- Jabber's installed base in financial services and government, which should give Cisco inroads into those industries.
- The XML-based Jabber protocol XMPP, which has garnered strong support from application developers, who use it to develop Web-based applications. (SIP/SIMPLE remains the protocol of choice for IM and voice over IP vendors.) Microblogging applications like Twitter are based on XMPP as well as Google Talk. Gartner believes this affords Cisco entry into Web 2.0 and social software.

Challenges of the deal include:

- Integrating to federate or aggregate presence at the server level between the Jabber platform and the Cisco Unified Presence Server (CUPS) platform (based on SIP/SIMPLE and WebEx Connect). Though Cisco has not yet offered a road map for integration, we believe Cisco will move Jabber servers into the data center to aggregate and federate presence servers. Cisco's dual SaaS and on-premises vision will complicate this task. Though the growth opportunities will mostly lie in SaaS offerings, Cisco must integrate with its on-premises offerings.
- Integrating at the protocol level. Cisco's communications infrastructure is SIP-based, while the WebEx connect presence technology is based on the AOL Instant Messenger Open System for Communication in Realtime (OSCAR) protocol.
- Rationalizing its product lines. Gartner believes Cisco's own IM and presence products CUPS and Cisco Unified Personal Communicator (CUPC), the major focus of its

standards-based initiatives, will fade away as stand-alone purchases to make way for Jabber and WebEx Connect.

## RECOMMENDATIONS

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- **Prospective Cisco customers:** Ask Cisco for detailed product road maps that include resolution of the protocol overlap issues across its expanding product line.
- **Jabber customers:** Ask Cisco for clear direction on the future of its investment and how the Jabber platform will be integrated.

## RECOMMENDED READING

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- "Magic Quadrant for Unified Communications" — Enterprises should review how the new generation of communication systems can improve their business operations and processes by enhancing interaction and performance of tasks. **By Bern Elliot**
- "MarketScope for Instant Messaging, 2008" — Widespread adoption of IM by consumers and recognition of IM's business value is increasing the need for an enterprise-class IM/presence capability within enterprises. **By David Mario Smith**

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