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## **Avaya's Acquisition of Nortel: What it Means for Customers**

*December 2009*

*Avaya has acquired Nortel's Enterprise Solutions assets (as well as shares of Nortel Government Solutions and DiamondWare) for \$900 million in cash and an additional \$15 million reserved for an employee retention program. The combined Avaya-Nortel entity could achieve worldwide market share of roughly 33% of the IP telephony market.*

The following questions were posed by Avaya to Abner Germanow, Director of IDC's Enterprise Communications Infrastructure research, on behalf of Avaya's customers.

**Q. How should I evaluate my current Nortel platform investments now that they have been acquired by Avaya?**

A. Fundamental to Avaya's customer-migration strategy is enabling and simplifying enterprise communications in multi-vendor environments. Nortel customers should be comforted by the fact that Avaya's next-generation platform, Aura, was specifically designed to leverage legacy technologies and infrastructure components.

Furthermore, given the number of alternatives in the market and the history of long support cycles from both Nortel and Avaya, IDC believes it is unlikely Avaya will make any drastic changes that force Nortel customers to rip and replace existing investments. In fact, IDC expects Avaya to create phased migration plans specifically tailored to the Nortel customer base and to be fully committed to tight integration of Nortel and Avaya platforms.

Platform change in any environment requires a view of the pace of change in the platform itself. In the case of voice, platforms are migrating faster now than ever before. The rate of growth and change in communications no longer supports the assumption that a communications platform will remain a static entity for the next 10 years as the adoption of new communications methods rise and fall.

Fortunately, the maturation of the session initiation protocol (SIP), and the evolution from call routing to session management, means many existing systems with SIP support will continue to play a role in the communications infrastructure for some time. Looking forward, optimizing the capabilities and efficiencies of the entire communications infrastructure will quickly become more important than individual components, largely regardless of the technology supplier.

**Q. What are the advantages that come with industry consolidation?**

A. Standard customer advantages that accompany industry consolidation include increased professional and managed services expertise and scale, financial stability, and combined R&D efforts. In the current communications/IT environment, companies should also take advantage of evolutionary and solution-oriented messaging and alignment within the newly combined entity. Nortel customers should look to fill solutions gaps that currently exist within their infrastructures with the most optimum solutions from either Avaya or Nortel.

**Q. In the face of industry consolidation, do I need to change my communications strategy?**

A. The organizational structure and technology needed to support the communications needs of organizations is in the midst of significant transformation. Ideally, organizational changes should be made in anticipation of pending changes in technology architectures. Industry consolidation unto itself doesn't require a shift in strategy. However, if your organization still treats voice as a distinctly separate department from information technology, then a more significant review is warranted.

Today, communications strategies need to be closely aligned with larger IT initiatives such as service-oriented architecture (SOA), platform consolidation, and application centralization. New communications methods appear every year from social networks, video collaboration, instant messaging, and other mobile and desktop tools. However, it's no longer viable to continually add these new tools in a siloed fashion without either consolidating existing applications or enabling a consistent level of integration across multiple communications tools. For example, few companies would consider deploying video conferencing without integrating it with existing call routing and calendaring resources.

**Q. What factors should be driving my evaluation of new communications investments?**

A. Companies that fail to evaluate communications solutions based on the solutions' abilities to address current and future business objectives are setting themselves up for internal and competitive failure. Current business objectives should be both tactical (reducing TCO, consolidating systems, centralizing systems management, carbon footprint reduction, etc.) and strategic (increasing productivity and collaboration, customer retention and acquisition, accelerating business process, etc.).

At the same time, future-proofing new communications solutions should be done in conjunction with protecting legacy investments. This will allow for maximum TCO savings, while at the same time establishing an architecture ready for optimizing business processes, applications, and user productivity in the future.

Communications solutions can no longer be thought of in silos separate from business processes, business applications, or one another (e.g., voice and video). Because voice, video, and conferencing are becoming IT assets, the evaluation of potential communications solutions has to align with larger IT initiatives including virtualization, SOA, platform consolidation, and cloud computing, as well as with evolving end-user needs. Prospective buyers need to have discussions with their providers around open standards and their ability to interoperate in multi-vendor environments.

**Q. Do I need to move to SIP?**

A. Adopting SIP-enabled session managers/IP PBXs that support legacy telephony standards allows companies to migrate in phases and at their own pace to next-generation IP communications platforms. Therefore "moving" to SIP in this sense innately helps protect existing investments.

At the same time, SIP is the communications standard that all real-time sessions over IP networks must comply with moving forward, and therefore "moving" to SIP in this sense allows companies to begin to establish a multimedia-ready, unified communications architecture.

With that said, migrating immediately and entirely to a SIP-based architecture is neither necessary nor encouraged in most cases, as existing analog, digital, and IP-based systems can interoperate and share applications with SIP-based ones.

#### ABOUT THIS ANALYST

*Abner Germanow is the Director of IDC's Enterprise Communications Infrastructure services. In this role, he oversees a team of industry experts and their comprehensive research and analysis on evolving enterprise network infrastructure markets, including wireless LAN, IP telephony, LAN switching, and enterprise routing. Mr. Germanow is a well respected industry analyst providing in-depth insight and intelligence on shifting enterprise network market trends and their affect on mobility, servers, and storage.*

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