

# Microsoft's Software-Powered Unified Communications Strategy

*A Critical Assessment of  
Office Communications  
Server 2007 and its  
Fitness as an Enterprise  
Communications  
Solution*

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October 2007

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# Microsoft's Software-Powered Unified Communications Strategy

## A Critical Assessment of Office Communications Server 2007 and its Fitness as an Enterprise Communications Solution

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## Table of Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>7</b>
<b>1. THE RISE OF UNIFIED COMMUNICATIONS .....</b>	<b>9</b>
Defining Unified Communications .....	9
Market Approaches to Unified Communications .....	11
Why Focus on Microsoft and OCS 2007? .....	14
<b>2. MICROSOFT'S UNIFIED COMMUNICATIONS PHILOSOPHY .....</b>	<b>17</b>
Four Guiding Principles .....	18
Microsoft's Go to Market Strategy .....	19
<b>3. OFFICE COMMUNICATIONS SERVER 2007 .....</b>	<b>21</b>
OCS Standard Edition .....	21
<i>OCS Server Components</i> .....	22
OCS Enterprise Consolidated Edition .....	23
<i>Advantages Provided by the OCS Enterprise Editions</i> .....	23
OCS Enterprise Expanded Edition .....	24
<i>OCS A/V Conferencing Server</i> .....	25
<i>OCS Web Conferencing Server</i> .....	25
The OCS 2007 Focus.....	25
Protocols Used Within OCS 2007 .....	26
OCS 2007 Server Capacity Guidelines .....	27
Active Directory: Authentication and Authorization .....	28
Remote User Access.....	29
<i>OCS Access Edge Server</i> .....	29
<i>OCS Director Server</i> .....	30
<i>OCS A/V Conferencing Edge Server</i> .....	31
<i>OCS Web Conferencing Edge Server</i> .....	32
Federation and Public IM Connectivity.....	32
<i>Partner Federation</i> .....	32
<i>Federating With Public IM Providers</i> .....	33
Archiving Instant Messages and Call Detail Records .....	34
<i>Archival Caveats</i> .....	36
Security in OCS 2007 .....	36
<b>4. THE FIVE OCS CLIENTS.....</b>	<b>39</b>
Office Communicator 2007.....	39
<i>The Communicator Contact List and the Local Directory</i> .....	40
<i>Communicator's Presence Model</i> .....	42
<i>Setting Contact Access Levels</i> .....	44
<i>Instant Messaging Using Communicator 2007</i> .....	45
<i>Basic Voice and Video Communications in Communicator 2007</i> .....	46
Office Communicator Web Access.....	47
Office Communicator Mobile .....	48
The Live Meeting Client.....	49
<b>5. OCS INTEGRATION WITH MICROSOFT OFFICE, THIRD-PARTY APPLICATIONS, AND MASHUPS .....</b>	<b>53</b>
Communications-Enabling Microsoft Office .....	53
<i>OCS 2007 Integration with Outlook</i> .....	53
<i>Storing Communication History in Outlook</i> .....	55
OCS Integration with Other Office Applications .....	55
<i>User Presence for Federated Domains in Office Applications</i> .....	56
Integrating OCS in Mashups and Third-Party Applications.....	56
<b>6. INTEGRATING OCS 2007 WITH ENTERPRISE PBXs AND THE PSTN .....</b>	<b>59</b>
OCS Codecs and Devices.....	59

<i>Microsoft's Real Time Audio and Video Codecs</i> .....	59
<i>Third-Party Devices</i> .....	60
Connecting OCS to the PBX or the PSTN .....	63
<i>Microsoft's Enterprise Voice Model and the Mediation Server</i> .....	63
<i>Remote Call Control using a CSTA Gateway</i> .....	66
<i>Which to Use – Enterprise Voice or Remote Call Control?</i> .....	67
Making and Controlling Calls with Enterprise Voice or RCC .....	68
<b>7. USING OCS WITH EXCHANGE 2007 FOR UNIFIED MESSAGING</b> .....	<b>71</b>
Exchange Components Required for Unified Messaging .....	71
OCS Use Case .....	72
Microsoft's Complete Unified Communications Solution .....	74
<b>8. OUR ANALYSIS OF MICROSOFT'S UNIFIED COMMUNICATIONS STRATEGY</b> .....	<b>75</b>
Where's The Money for Microsoft? .....	75
Microsoft's Market Beliefs and Strategy .....	75
<i>Microsoft's Market Strengths</i> .....	77
<i>Microsoft's Market Weaknesses</i> .....	78
Our Analysis of OCS 2007 .....	79
<i>What We Liked About OCS</i> .....	79
<i>What We Like About Communicator</i> .....	80
<i>Concerns about OCS and Communicator</i> .....	81
<i>Roundtable Concerns</i> .....	82
<i>Concerns with Exchange Unified Messaging</i> .....	83
<i>Does Microsoft Adhere to the SIP Standard?</i> .....	83
Microsoft's Competition .....	84
<i>IBM</i> .....	85
<i>Cisco</i> .....	87
<i>Adobe</i> .....	88
<i>Oracle</i> .....	89
<i>The Telephony Vendors</i> .....	89
<i>Wildcard Companies</i> .....	89
The Nortel Alliance and other Partners .....	89
<i>Partner Alienation</i> .....	90
Futures .....	91
<b>9. MICROSOFT'S PROBABILITY OF SUCCESS</b> .....	<b>93</b>
Predictions .....	93
<b>10. PRICING AND HARDWARE REQUIREMENTS</b> .....	<b>95</b>
Capability Mapping to Server Roles and Clients .....	95
OCS 2007 and Office Communicator 2007 Pricing .....	96
OCS 2007 Hardware Requirements .....	97
<i>Standard and Enterprise Edition Servers</i> .....	97
<i>A/V Conferencing Servers and A/V Edge Servers</i> .....	97
<i>Mediation Server Hardware and Capacities</i> .....	98
<i>Other Server Roles</i> .....	98
Operating System Requirements .....	98
<i>Servers</i> .....	98
<i>Client</i> .....	98

## List of Figures

Figure 1: Capabilities of a Unified Communications system.....	10
Figure 2: Vendor approaches to the unified communications market. ....	12
Figure 3: Telephony and software vendor unified communications capabilities.....	14
Figure 4: An OCS ad designed to discourage IP PBX deployment (Source: Microsoft). .	20
Figure 5: OCS 2007 Standard Edition deployment.....	22
Figure 6: OCS 2007 Enterprise Consolidated Edition deployment.....	23
Figure 7: OCS Enterprise Expanded Edition deployment.....	25
Figure 8: The Focus manages all multiparty meetings in OCS 2007. ....	26
Figure 9: The role of Active Directory in the network and in an OCS implementation. ....	28
Figure 10: Remote user access with OCS 2007.....	30
Figure 11: OCS 2007 remote edge server roles and protocols used. ....	31
Figure 12: Direct federation between enterprise A and enterprise B.....	32
Figure 13: Multiple direct federation between enterprises A, B, and C. ....	33
Figure 14: Federating with public presence and IM servers.....	34
Figure 15: Archiving in Office Communications Server. ....	35
Figure 16: Microsoft Office Communicator 2007 interface window. ....	39
Figure 17: Searching for a contact with Communicator 2007.....	41
Figure 18: Address Book Service process for creating local Communicator database....	41
Figure 19: Presence and notifications options in Communicator 2007. ....	42
Figure 20: Tagging a contact and the online status notification "toast" pop-up.....	43
Figure 21: Setting contact access levels in Office Communicator.....	44
Figure 22: Toast notification upon IM invitation. ....	45
Figure 23: The Conversation pop-up window in Communicator 2007.....	45
Figure 24: Voice call controls in Communicator 2007. ....	46
Figure 25: A multipoint video call using Communicator 2007.....	47
Figure 26: Communicator Web Access delivers browser-based presence and IM. ....	48
Figure 27: Office Communicator Mobile Blackberry and Windows Mobile interfaces. ....	49
Figure 28: Launching a web conference from a voice or video chat. ....	50
Figure 29: The Live Meeting client with Roundtable video input. ....	51
Figure 30: Menu displayed by right clicking on a name in Microsoft Outlook.....	54
Figure 31: A Conversation History archive in Outlook. ....	55
Figure 32: SharePoint recognizes names and displays presence information.....	56
Figure 33: A mashup combining OCS 2007 with power plant gauges and controls. ....	57
Figure 34: OCS-supported third-party telephones.....	61
Figure 35: Polycom CX400 Wireless OCS phones show presence, topic, and caller.....	61
Figure 36: LG Nortel 8540 OCS phone with Communicator interface.....	62
Figure 37: The OCS Mediation Server integrates OCS with the PBX or the PSTN. ....	64
Figure 38: Mediation Server connecting to the PSTN via a SIP trunk or a gateway. ....	65
Figure 39: Remote Call Control uses a SIP/CSTA gateway to integrate with the PBX....	67
Figure 40: PBX integration enables calling either on-net or off-net from Communicator. ....	69
Figure 41: Communicator's interface for mid-call control capabilities.....	69
Figure 42: Exchange 2007 unified messaging integration with OCS 2007. ....	71
Figure 43: Outlook 2007 inbox displaying a voice message and the new audio player. ...	73
Figure 44: Microsoft's complete unified communications and collaboration solution. ....	74
Figure 45: Mindshare among unified communications solution providers.....	85
Figure 46: An example Response Point solution from DLink. ....	92

## List of Tables

Table 1: OCS 2007 Server capacity guidelines. ....	27
Table 2: Relative difficulty levels when integrating OCS with third-party applications. ....	57
Table 3: Recommended bandwidth for Microsoft Real-Time Audio and Video codecs. ...	59
Table 4: Additional audio and video codecs in OCS.....	60
Table 5: Least cost routing dialing patterns and gateway mappings in OCS. ....	66
Table 6: Communicator call control capabilities with Enterprise Voice and RCC.....	68
Table 7: IBM Lotus and Microsoft product overlap. ....	85
Table 8: Comparing OCS 2007 to IBM Lotus Sametime. ....	86
Table 9: Predictions about Microsoft's success in the Unified Communications market. .	93
Table 10: Capability mapping to OCS server roles and clients. ....	96
Table 11: OCS server software pricing. ....	96
Table 12: OCS server software pricing. ....	96
Table 13: OCS server software pricing. ....	97
Table 14: Standard and Enterprise Edition server hardware requirements.....	97
Table 15: A/V Conferencing and A/V Edge server hardware requirements. ....	97
Table 16: Mediation Server hardware requirements and capacities. ....	98

## **Executive Summary**

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The big economic wins in this decade and the next will likely go to those organizations that can streamline the flow of knowledge and information throughout their enterprises. Unified communications provides a framework for doing so. It enables real-time, ad hoc knowledge and information flows by combining collaboration and conferencing capabilities such as presence, instant messaging, telephony, audio conferencing, web collaboration, unified messaging, mobility, and videoconferencing, in a simple and easy to use interface.

The entry of Microsoft and other heavyweights like IBM, Cisco, Nortel, Adobe, Siemens, and Alcatel-Lucent suggests that unified communications is emerging as a focal point for the future revenues of some of the largest corporations in the world. Clearly, the market is poised for significant growth. Microsoft is emerging as a product leader in this market, and its Office Communications Server 2007 product offering has the potential to displace Lotus Sametime's 18 million user base as the most widely deployed unified communications solution.

Microsoft's strategy is aimed to capitalize on the transition to IP telephony, software call control, premise-based audio and web conferencing, and the rise of video. Furthermore, Microsoft is revolutionizing the use of conferencing and collaboration capabilities by presence-enabling all of them and tightly integrating them into common desktop business applications such as Microsoft Office and shared workspace applications like SharePoint.

Competitors are striking back with their own unified communications and collaboration strategies and products. IBM has developed a new and open software version of Lotus Sametime. Cisco has created a Unified Presence Server and a unified client. Nortel, Siemens, Alcatel-Lucent, and Avaya all have compelling strategies and offerings. But are they compelling enough to stave off Microsoft's onslaught?

Our data shows that Microsoft has a significant advantage in the unified communications market in both mindshare and in the numbers of enterprises likely to try its Office Communications Server 2007 (OCS) solution. The company has clearly invested heavily and for the long term in its unified communications product offering. But, in spite of Microsoft's obvious resource advantages, its massive marketing machine, and its attractive user interfaces, one must ask if Microsoft's real-time communications and collaboration strategy as embodied in the new OCS delivers a complete and compelling, cost effective solution. The company already had presence, IM, and IP voice and video in its OCS predecessor, Live Communications Server 2005. OCS now adds new functionality, including an enterprise telephony capability (designed to ultimately displace the enterprise PBX), multiparty IP voice and video conferencing, and a premise-based web conferencing solution.

This report provides decision makers and enterprise technologists an impartial deep view into Microsoft's unified communications and collaboration strategy and the new OCS 2007 platform. We begin by describing Microsoft's philosophy as it approaches the unified communications marketplace. We then discuss in detail OCS 2007's client-server architecture and its four client interfaces. We describe what Microsoft OCS 2007 delivers out of the box, and identify those functionalities one must obtain from companies in the Microsoft partner ecosystem. We discuss how to integrate telephony systems with OCS 2007. We provide our analysis on Microsoft's strengths in the unified communications market as well as its weaknesses. We conclude the report with our estimation of

*Microsoft's Software-Powered Unified Communications Strategy*

Microsoft's probability for success in this market, followed by a listing of hardware/software and pricing required for an Office Communications Server 2007 solution.

This report is designed to give enterprises considering a unified communications platform a thorough understanding of the new Office Communications Server 2007 platform based on rich presence, enterprise telephony, multimodal ad hoc collaborative capabilities, and a vast supporting partner ecosystem. After reading this report, you will have enough detail and information to determine whether OCS 2007 provides a compelling substrate for building a unified communications solution within your organization.

98 pages, 46 figures, 16 tables