

## A quarter of business telephony lines shipped in EMEA in 2007 were IP – IP lines forecast to account for nearly 70% of total shipments by 2012

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For immediate release

### Annual highlights

- Total EMEA enterprise telephony line shipments hit 24 million in 2007, up 7% on 2006
- Call control systems represented €3.5 billion of the total €9 billion unified communications market
- IP lines reached a new high, accounting for more than 25% of all lines shipped
- Nearly 70% of the IP lines shipped were for medium to large sized businesses
- EMEA accounted for 43% of global line shipments
- Shipments forecast to peak at just under 26 million lines in 2010, before investment starts to decline

### Highlights from the Canalys unified communications research

New market research and forecasts from Canalys show that increasing investment by EMEA businesses in voice and data convergence has resulted in IP lines accounting for more than a quarter of all enterprise telephony lines shipped in 2007. Canalys forecasts that this will rise to nearly 70% by 2012. Overall, EMEA enterprise telephony line shipments on systems providing call control PBX functionality increased by 7% in 2007, to reach 24 million. This generated end-user market value of €3.5 billion, constituting a major part of the €9 billion unified communications market in EMEA, which also includes end-user devices, conferencing, contact centres and messaging. Canalys research indicates that EMEA remains the largest region for enterprise telephony systems, making up 43% of global shipments, compared to 25% in the Asia Pacific region, 24% in North America and 8% in Latin America. Total worldwide shipments grew 5% from 53 million lines in 2006 to over 56 million in 2007.

<b>Europe, Middle East &amp; Africa (EMEA) call control line shipments</b>					
<b>Market shares 2007, 2006</b>					
<b>Vendor (top 6)</b>	<b>2007 shipments (millions)</b>	<b>% share</b>	<b>2006 shipments (millions)</b>	<b>% share</b>	<b>Growth 2007/2006</b>
<b>Total</b>	<b>24.0</b>	<b>100.0%</b>	<b>22.5</b>	<b>100.0%</b>	<b>6.7%</b>
<b>Siemens</b>	3.5	14.7%	3.5	15.7%	-0.2%
<b>Alcatel-Lucent</b>	3.5	14.4%	3.5	15.5%	-0.7%
<b>Avaya</b>	2.5	10.3%	2.3	10.0%	9.6%
<b>Nortel</b>	2.3	9.6%	2.2	9.6%	7.2%
<b>Aastra</b>	2.2	9.2%	2.3	10.1%	-2.4%
<b>Cisco</b>	1.9	8.1%	1.5	6.6%	31.8%
<b>Others</b>	8.1	33.6%	7.3	32.5%	10.3%

**Source: Canalys estimates, © canalys.com Ltd. 2008**

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The evolution to IP telephony has taken a lot longer than many expected in EMEA, particularly in the small business sector, as price sensitivity and lack of dedicated IT resource has restricted adoption. Medium to large sized enterprises have so far invested the most in converged networks, encouraged by the potential cost savings. In addition, many channel partners serving these businesses have made the transition to sell converged solutions, while a large proportion of those focusing on smaller businesses have failed to develop the new skills required.

“The small business sector is now receiving more focus from leading vendors looking for new growth areas,” said Canalys analyst Matthew Ball. “But they will face increasing competition from hosted services and from vendors offering open source telephony appliances using Asterisk and sipXecs software. Vendors introducing these types of appliances, such as Aastra, Astimax, Digium, Nortel and Vertico Software, aim to lower the cost and improve the simplicity of installation and maintenance of IP deployments for small businesses.”

The market outlook for EMEA looks healthy, although uncertain economic conditions in 2008 are likely to influence some businesses to delay purchasing new systems. “A large proportion of the installed base that was purchased during the Y2K compliance drive 10 years ago will reach the end of its life over the next three years,” Ball added. “Replacement of these systems will fuel more investment in IP, stimulating the enterprise telephony market to increase further until line shipments peak in 2010.”

The competitive environment in EMEA remained tough last year. Siemens and Alcatel-Lucent retained their leadership positions, although both lost market share. Canalys expects that the gap between the leading two and the rest of the market will erode further during 2008. “Avaya is building its position in Western Europe and capitalising on the fast growing emerging markets in Russia and the Middle East, while Nortel is gaining momentum through its Innovative Communications Alliance with Microsoft and its push into SMB channels,” Ball added. “Aastra could break into the top two if its acquisition of Ericsson’s Enterprise business goes through and Cisco will rise further up the rankings if it maintains its recent growth rates.”

### **About the Unified Communications Analysis service**

Through the Unified Communications Analysis service Canalys tracks and analyses the transition of enterprise telephony from traditional to IP-based solutions, as well as the uptake of video telephony, messaging, conferencing and contact centre applications, and changes in distribution trends and end-user devices. It advises vendors on the best approaches for different markets, delivers forecasts and analysis of market trends through regular reports and presentations, and provides quarterly estimates of enterprise telephony shipments by vendor, technology, size and channel. Clients also receive direct access to Canalys

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analysts in order to answer their specific enquiries about market development. More information is available from the Canalys web site.

### **About Canalys**

Canalys specialises in delivering high quality market data, analysis and advice to the world's leading technology vendors. It is recognised as a key provider of continuous advisory services and confidential custom projects for marketing managers and strategists within blue-chip IT, telecoms, navigation and consumer electronics companies. It has unrivalled expertise in routes to market for all kinds of high technology products and services in the consumer, SMB and large enterprise segments, and provides worldwide market data and trends analysis.

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