

Siemens Stakes Hopes On New SIP Phone Line

Troubled vendor's standing in the enterprise may ride on customer response.

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Siemens Communications surely didn't create its new OpenStage line of enterprise IP phones simply to prove it can carry on business as usual despite serious corporate-level problems. But it's convenient that it has brought them out just now, and that they are good enough to impress even skeptical analysts. If it hadn't and they weren't, it might have trouble convincing customers that it is going to be in the enterprise telephony game for a long time. Even with them, that won't be easy.

Whatever its motivation, there's no doubt Siemens put a lot of effort and ingenuity into the new phones. Sleek and silver, they feature round iPod-like "TouchGuide" controls and, on the higher-end models, crisp color displays of up to 640 by 480 VGA resolution. Buttons and controls are touch-sensitive rather than mechanical, and an intuitive graphical user interface replaces the cryptic messages and commands that plague the typical desk phone.

Applications include a built-in address book that users can synchronize with their Outlook contacts on PCs via the LAN, and with their cell phone contacts via Bluetooth. A call log/history application keeps track of incoming, outgoing and missed calls. Additional client-server applications will let the phones access LDAP and other data on corporate servers.

Ultimately, though, Siemens is staking the phones' success on the thinking behind them. Their final design results from 72 face-to-face interviews with what they describes as "users, decision makers and cutting edgers" in major European, North American and Asian cities. The interviews provided a number of insights the vendor found noteworthy. Among them: that voice communication remains a top business priority, that having attractive phones on their desks motivate workers, and that existing phones are too hard to use.

Its solution is also noteworthy, in that it implicitly rejects the conventional wisdom calling for integrating enterprise and mobile communications by extending the feel and features of enterprise telephony to the mobile handset. Instead, it attempts to bring the cellular experience to the desktop. In addition to the intuitive GUI and Bluetooth connectivity, it provides some of the most popular features of the trendy cell phone market: personalized "skins" or wallpapers on the display, and customizable ring tones.

Despite their merits, however, it's not at all clear that the new products will have substantial impact on either Siemens' enterprise telephony business or the overall market. For one thing, there's no certainty that they or any phones can drive IP telephony gear sales. "In terms of their portfolio, it's definitely a significant improvement in terms of making the interface more attractive to users," says IDC analyst Nora Freedman. "But in the overall scheme of the market it's pretty minimal. We at IDC don't believe vendors should lead an enterprise IP telephony sale with the phone."

IntelliCom Analytics senior analyst Barry Marks disagrees. "From a marketplace standpoint, one of the most important things is the terminal or the device," he says. "It's what the user has on the desktop and interfaces with. From what we've seen from Siemens with OpenStage, it's a pretty good leap forward from what they've had in the past. You can almost say it's a pretty cool device. The navigation part is really nice, and the controls are very positive."

Sheila McGee-Smith, president of McGee-Smith Analytics, votes with Marks. "It's harder to understand the pros and cons of how the technology is going to work in a data networking environment," she says. "It's pretty easy to understand that this is going to be on my desk." Still, Marks admits the direct impact of the phones on the larger market may be only modest. "Is it going to shake up the marketplace? The answer is no" says Marks. "But it'll definitely improve their competitive ranking."

The new phones will work with the high-end SIP-based HiPath 8000 enterprise PBX to start with. Northend says certification with Broadsoft and Sylanro systems, which would let them play in the hosted services space as well, is also in the works. In theory, they should also in the future work with other SIP equipment, though when it comes to standards-based compatibility, the devil is always in the implementation details.

And ultimately, the decision to go with SIP from the beginning, rather than turning out a proprietary IP version first, may be the new products' strongest selling point. For one thing, it'll help boost acceptance among customers who are focused on the long term. "At the end of the day, while the phone doesn't drive the buy, it can influence the buy," says McGee-Smith. "If you're a customer and you understand right now that SIP is the end game, you don't really want to invest in something that is not."

Perhaps more important, it'll help reassure nervous Siemens customers that the enterprise division itself has its eyes firmly fixed on that bright and shining all-SIP world of the future, and that it intends to be around long enough, in one form or another, to be part of it. Then all the customers have to do is decide how much they want to bet on that reassurance. With prices for low-end models starting at a competitive (for enterprise phones) \$295, their bets will represent a true vote of confidence.