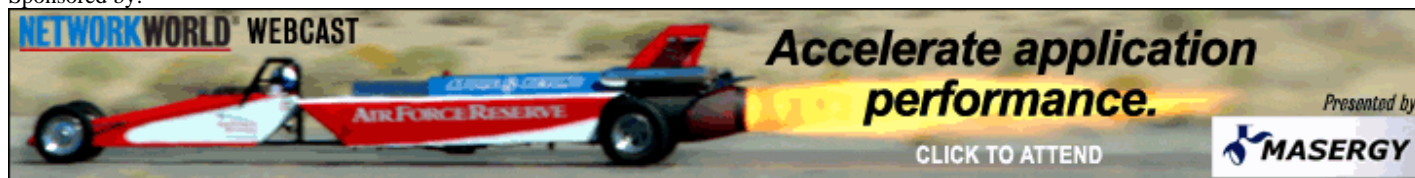


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# **Microsoft vs. Cisco: The new clash of the titans**

[Yankee Ingenuity](#) By Howard Anderson, Network World, 06/12/06

Think of the great rivalries that you know: good vs. evil; Red Sox vs. Yankees; Hertz vs. Avis; Duke vs. UNC; Microsoft vs. (in order) IBM, Novell, Netscape, AOL, Linux, Google, the Department of Justice, Sun, Sony, the European Commission and now, Cisco.



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Anderson is senior managing director of Yankeeetech, a Cambridge, Mass., venture incubator. He is also founder of The Yankee Group and the William Porter Distinguished Lecturer at the Massachusetts Institute of Technology. [Mail Anderson](#).

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Both companies are dominant in their main markets. Both need new worlds to conquer. Both have seen their growth slowed. Both have embarked on new initiatives based on acquisitions. Charlie Giancarlo, Cisco's chief development officer, scours the world buying intellectual assets for pennies on the dollar. Microsoft does the same, often moving these companies to Seattle so they can be close to the Mother Church. Both companies have billions of dollars on hand. Microsoft has bought dozens of small technology companies, as has Cisco. Cisco has paid really big bucks, \$6.9 billion, for cable TV technology company Scientific-Atlanta, mainly because Cisco is not credible with the cable guys. Microsoft bailed out the cable industry a few years ago by investing \$1 billion in Comcast, hoping the move would win it friends (it did) who would let the company put its cable box on every TV (they didn't). The cable guys loved Microsoft's money but not its intentions. Sidney Topol, former chairman of Scientific-Atlanta, was once at a Yankee Group conference where a skeptic asked him how earnings would be the next quarter. He replied, "When I come here, I don't talk earnings, I talk concepts!" The skeptic said, "That bad, huh?"

A few years ago I suggested to both Cisco CEO John Chambers and Bill Gates that the day was coming when their companies would be competing against each other. Each replied that I once again had my head up my rear, that they had nothing but respect for each other and their spheres of influence were completely different. Both were lying through their teeth. Kind of like Don Corleone saying that Barzini was his blood brother for all time.

Where will Microsoft and Cisco compete - and when? Let's start with [IP telephony](#). Both companies are pushing hard to get their unified clients on the desktop. Essentially, Cisco's Unified Communicator and Microsoft's MS Communicator do the same thing. We used to say that unified messenger was a "zero billion-dollar business,"

but that is no longer true.



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Cisco comes at this from the enterprise communications view, Microsoft from its desktop pinnacle. They will fight it out at the desktop and server levels for presence. Which one is the alpha male? Do CIOs view their job as desktop centric - and therefore Microsoft-based - or communications centric - and thus abdicated to Cisco?

Explore this CIO dilemma a little further. Let's face it, CIOs have a love-hate relationship with Cisco and Microsoft. Both organizations have an arrogance that is a wonder to behold. Both have decimated CIOs' budgets. And, realistically, CIOs have no viable alternative, at least at the traditional router and desktop level. But unified messaging is a whole new ballgame. Which company does a better job of hand-holding? Clearly Cisco; Microsoft almost refuses to give support to all but the largest and most strategic companies.

Both Cisco and Microsoft have presence, instant messaging/chat and telephony at the unified message level. Cisco also has voice mail, but that's a barrier Microsoft can overcome with a few acquisitions. IM/chat? Advantage Microsoft. But Cisco has fully integrated voice mail, conferencing and video; Microsoft has these services, but they are essentially nonintegrated.



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Pricing? Advantage most likely Microsoft, which has a lower cost structure, but Cisco has a better domain communications structure. Presence? Microsoft's is very visible, built into PowerPoint, Word and Outlook. Cisco's presence is there - something the user never sees but which permeates the environment like a fog.

Microsoft will come at the issue from its Exchange/e-mail stronghold, Cisco from the communications and IP view. As to when? Next year.

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