

SIP Based Servers and IP PBX -- Effective, Efficient, Automated Connectivity Markets Expected to Reach \$40 Billion By 2014

LEXINGTON, Massachusetts (May 2, 2008) – WinterGreen Research announces that it has a new study on SIP based servers and IP PBX markets. Systems are poised for significant growth as people move to purchase IP based servers for new communications applications based on push technology similar to what Google has implemented. A PBX system is a voice device, so the ability to combine voice capabilities with presence communications capability and gaming is a market achievement.

Significant pent up demand will be converted to sales as systems are put on the market that permit implementation of voice over IP that works. Voice over IP systems purchases have been postponed for ten years or more, waiting for technology that works. VoIP technology finally works.

Technology transition relates to growth strategy that relies heavily on capturing a significant share of the spending by enterprises on their transition of technology from traditional communications systems to IP communications. According to Susan Eustis, lead author of the study, “IP communications has gained widespread acceptance in the marketplace and over time. The demand for IP based voice communication is continuing to increase as the industry goes through the mainstream adoption phase in the product lifecycle.”

Half of all voice telecommunications lines currently being shipped are IP rather than traditional, or TDM. The shift is rapidly occurring to 100% IP lines. As a result of the technology transition, spending by enterprises on traditional voice communication systems has been declining rapidly. Increases in product revenue for new designs are attributable to sales of IP telephony systems.

Pressures on services business are due to advances in technology. Customers continue to expect traditional services to be at lower prices to them. Customers routinely look for opportunities to reduce their information technology and related costs.



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A high correlation exists with respect to customers in direct channel who purchase products also electing to purchase maintenance contracts at the time of the product purchase. At the time of contract renewal, maintenance and managed services revenues have been affected by reductions in scope of contracted services.

Digital Private Branch Exchange (PBX) At the End of Its Life Cycle

The digital private branch exchange (PBX) has reached the end of its life cycle. The private branch exchange (PBX) has been a component of enterprise voice networks. The PBX facilitates local in-company dialing, local calls outside the premises, and long distance calls. It was a proprietary hardware box that has been replaced by a combination of software from the traditional PBX vendors and computer industry standard blade servers that host the unified communications software. Systems work on the Internet, using SIP base protocols to provide session set up and call connections.

PBX systems that were meant to last 5 or 6 years have been in place twice that long, waiting for the new Internet based communications technology to arrive. It has. PBX vendors are selling software the sits on Linux blade servers from the computing industry.

With an IP-PBX, the local area network the platform is for connecting smart IP phones logically over a shared packet network to the call manager. This unifies the data applications and the voice network, but places demands on the packet prioritization aspects of the LAN infrastructure to ensure user satisfaction with the quality of audio. Power to the IP phone is provided via the standard power brick-style transformer or via Power over Ethernet using the IEEE 802.3af standard.

SIP PBX / IP PBX markets are going from \$14 billion in 2007 to \$40 billion by 2014. IP-PBX shipments completely replace traditional PBX systems. IP-PBX shipments are related to traditional PBX shipments. The trend represented by this shipment data can be traced to IP-PBX architecture that allows businesses to reduce infrastructure cost while improving productivity.

WinterGreen Research is an independent research organization funded by the sale of market research studies all over the world and by the implementation of ROI models that are used to calculate the total cost of ownership of equipment, services, and software.



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