

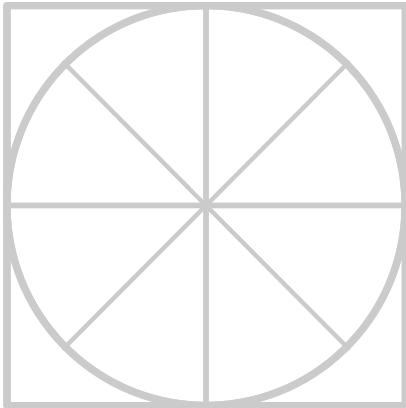


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**THE RADICATI GROUP, INC.**

**CommuniGate Systems' MobileOffice™ –  
Mobilizing the Small Business**

*SaaS Mobile Unified Communications for Smartphones*



A whitepaper by The Radicati Group, Inc.

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*This whitepaper was sponsored by CommuniGate Systems.*

## 1.0 BUSINESS LIFE ON THE GO

Email continues to be the cornerstone of all business communication, regardless of whether employees are traveling or just moving around town; increasingly they need quick, efficient access to their inboxes. However, along with access to email users come to quickly find they also need access to their contacts, calendars and increasingly corporate IM networks and remote file sharing.

Needless to say, business users today expect more from their mobile phones than just voice calls. They are looking to the mobile device as a personal productivity tool that puts at their fingertips quick access to all their critical business information: emails, contacts, calendars, and social sites, while on the go. Not only that, but business users are also painfully aware of the large amounts of “downtime” in their life on the go, when they are sitting in airport terminals waiting for flights to be called, or standing in line to purchase tickets - in order to fill this downtime they want mobile devices that deliver more than just business efficiency, but also serve as personal entertainment devices that can serve up music, videos and more.

While wireless phone manufacturers and network operators have homed in on the need for interesting content and entertainment on mobile devices, they have often failed to combine this effectively with email and business-grade collaboration technologies. There is a broad range of smartphone devices on the market today, which provide excellent entertainment and personal convenience features, yet fail to provide adequate access to email and business communications. Likewise, RIM BlackBerry, the popular business smartphone, delivers business-grade email connectivity, but fails to provide any interesting entertainment and personal convenience features.

Users selecting a smartphone device, today, typically find they have to compromise between the kind of email efficiency provided on RIM BlackBerry phones which are stodgy, serious and boring, and the much more interesting personal entertainment features that are provided on a newer generation of much “cooler” devices, such as Apple’s iPhone, the Android device, HTC Touch, Nokia’s N series and many more.

Surprisingly, while there are a wide range of email services available to smartphone users today, most of these services are focused on consumer based providers, e.g. Gmail, or are fairly

rudimentary and do not integrate fully with a business user's desktop experience, which includes contacts, calendar and more.

### **1.1 Jessy the Attorney**

Case in point, Jessy is an attorney for a highly successful legal firm that specializes in intellectual property rights. Jessy's employer is small, about 15 attorneys, but highly regarded in its field. Jessy travels frequently between the company's headquarters in New York and its office in Los Angeles. During the long periods of downtime in airport terminals, taxis and commuter lines, Jessy wants to be able to toggle back and forth between her business life and her personal life. She needs to check her work mail to make sure she hasn't missed any important messages from a client or that a meeting has been rescheduled. At the same time, she wants to check her son's soccer match schedule, look up recipes for the annual church bake sale, and listen to her favorite music. Today, Jessy has a hard time finding a mobile device and service that provides all that. She is typically stuck carrying a BlackBerry for her business email, as well as carrying another personal entertainment device, like an iPod or she is carrying a non-BlackBerry smartphone, which provides great entertainment and serves as her "personal life phone" but no access to her business email, contacts and calendar.



## 1.2 Jack the Contractor

Jack is a successful contractor, whose small company builds new homes in south Florida. Jack's company employs 10 people on a full time basis and leverages a large pool of sub-contractors with specialized skills. Jack is constantly on the move between different job sites, and he needs access to his business email, contacts and calendar at all times to make sure he does not miss appointments and is on top of the latest issue that may arise. More importantly, Jack needs to be sure that he does not miss any important calls. When he is unable to answer a call because he is stuck in traffic or on another call, he wants to be sure that the incoming call is diverted to his answering service that can answer on his behalf, check his calendar and if necessary schedule an appointment for him to visit a new prospective new client. This way he is sure never to lose any new business opportunity. However, Jack is also often stuck in traffic and likes to listen to music, check football scores online and view photos of his last hiking trip with his son. Again, like Jessie, Jack is frustrated to go into a mobile store and find that he can't find a smartphone

device with a full SMB service that can reliably and efficiently deliver his email and business information, while at the same time provide the entertainment features he likes.

## 2.0 THE BUSINESS OPPORTUNITY FOR NETWORK OPERATORS

Jessy and Jack are representative of a growing market demographic that has been long overlooked by network providers. The SOHO to SMB segment, where successful professionals need business-grade email and collaboration without sacrificing on features and functionality. Their organizations don't base their email on the Microsoft Exchange Server platform, but instead rely on a broad range of other email options, typically free email they get with their DSL or from advertising based services such as Yahoo or Google. These small companies typically have zero IT staff, and have zero desire to run a server closet full of machines and products; this demographic begs for SaaS-based value added services.

Based on our research there are 95 million smartphones in operation today, of these only 38% of the market are BlackBerry devices, leaving a dominant market share of 59 million smartphones that do not have a solid business-quality email solution. We further estimate that approximately 20% of non-BlackBerry smartphones are used in the SMB sector, as defined by Jessy and Jack.

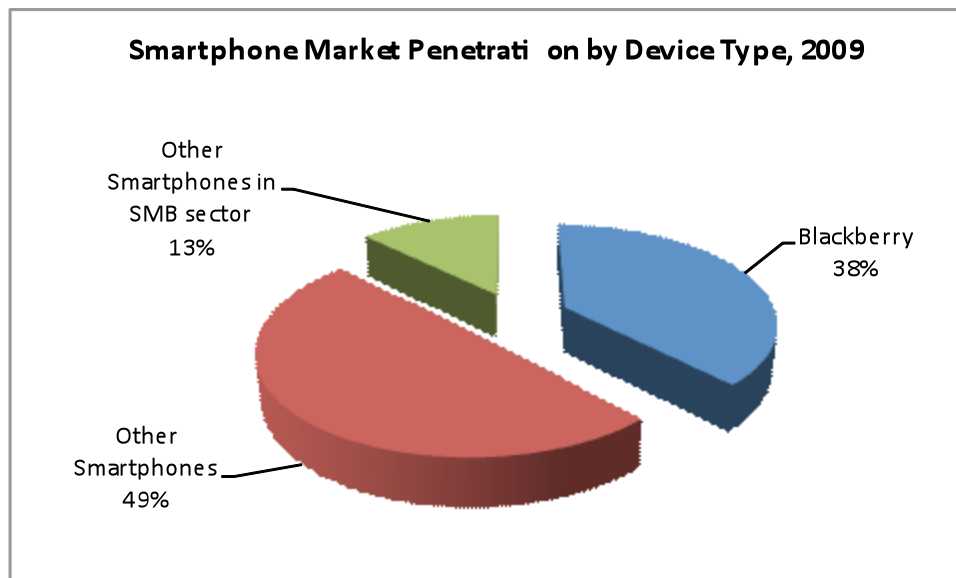


Figure 2 – Smartphone Market Penetration by Type of Device, 2009

Considering that network operators charge at least \$50 per user/month for BlackBerry Internet Service (BIS) email connectivity, we can easily estimate that there is currently a \$7.2 billion market opportunity for business-grade email services that network operators are not currently addressing. Furthermore, based on our research we can project this opportunity will grow into a \$48.6 billion market by 2013.

Table 1, below, summarizes this market opportunity and forecasted growth from 2009 to 2013.

	2009	2010	2011	2012	2013
<b>Total Smartphones (M)</b>	<b>95</b>	<b>164</b>	<b>265</b>	<b>355</b>	<b>454</b>
<i>BlackBerry Penetration (M)</i>	<i>36</i>	<i>52</i>	<i>68</i>	<i>84</i>	<i>100</i>
<i>Other Smartphones (M)</i>	<i>59</i>	<i>112</i>	<i>197</i>	<i>271</i>	<i>354</i>
% Smartphone Penetration in the SMB sector	20%	21%	22%	22%	23%
Smartphones in the SMB sector (M)	12	24	43	60	81
<b>Revenue Potential (\$B)</b>	<b>\$7.2</b>	<b>\$14.4</b>	<b>\$25.8</b>	<b>\$36.0</b>	<b>\$48.6</b>

**Table 1 – Potential Revenue Opportunity for Business-grade Email in the SMB sector**

*Note: Assumes an average fee of \$50/user per month for Business Email.*

It is easy to see how even a small percentage penetration by network operators into this market can translate into significant revenue gains.

Furthermore, the key to success for network operators today is no longer simply ARPU growth. The challenge for operators has shifted to revenue growth, higher margins, and subscriber retention and growth, particularly in the highly lucrative, rapidly growing SMB sector.

### **3.0 COMMUNIGATE SYSTEMS' MOBILEOFFICE™**

CommuniGate Systems' MobileOffice is designed to help network operators harness this opportunity, by providing a BlackBerry-like solution to all smartphone devices which allows operators to deliver a rich business-class email experience to subscribers at affordable prices. Additionally, MNO/MVNOs that deliver a fully hosted or SaaS delivered solution will have a

much longer relationship with the subscriber when compared with simply being the “rate plan” provider. Also, while BlackBerry BES offers an excellent business-class email solution, the service is run and controlled by RIM which does not allow the network operator to build any “stickiness” with the customer.

MobileOffice is a hosted service that network operators can deploy quickly and easily, while also bundling and branding it with their own services to offer a unique desktop + mobile communication experience on-the-par or better than what RIM BlackBerry's BES service can offer.

MobileOffice delivers the following features to subscribers and network operators:

*Push email, calendar and contacts for all business class smartphones* – this is the basic business-grade communication link that many SMB professionals are looking for today. It allows them to aggregate emails from various accounts (both business and personal), check and update calendar schedules on the go, and access and modify contact information as though they were sitting at their desktop computer.

*Protection in case of device loss* – MobileOffice stores a complete up-to-date copy of all device contact and calendar information, which inherently provides an excellent backup solution in case a device is lost or stolen.

*Zero-installation, platform agnostic desktop client* – the hosted MobileOffice product also provides a Flash based desktop client, Pronto! Being Flash based requires no software installation and can be up and running in seconds on any platform, be it Mac, PC, or Linux.

*Group scheduling and contact lists* – again since MobileOffice is a hosted service, it can easily connect with a subscriber's existing mailbox and PIM server, be it IBM Lotus Notes or Microsoft Exchange Server or others, to sync up contacts and calendars. This is an especially key function for most business professionals as contacts and scheduling are totally intertwined with email activity on the go.

*Business instant messaging* – MobileOffice also provides, secure, business-grade Instant Messaging, which offers a more reliable alternative to the myriad of consumer-oriented Instant Messaging solutions that are not always secure nor reliable.

*Shared folders* – again working as an extension and a link into a subscriber's desktop, MobileOffice provides the ability for subscribers to place and retrieve information from shared folders for easy access with co-workers.

*Support for 3<sup>rd</sup> party applications* – MobileOffice makes it easy for network operators to make available a broad range of 3<sup>rd</sup> party applications for easy download by subscribers. This enriches the subscriber experience and provides yet another avenue for revenue generation.

*Remote security and remote lock-down/device wipe* – security is clearly a top concern where any business device is concerned. As a hosted service where all controls are managed directly by the network operators, it is easy to assure subscribers that if their devices are lost or stolen, a quick phone call to their network operator will immediately lock-down or wipe out the device information. This is increasingly important for all professionals on the go, who tend to store much of their business-critical information on their mobile devices.

*Fixed-mobile convergence solution* – MobileOffice is an excellent example of a Fixed Mobile Convergence (FMC) service, which network operators can combine with other services as well as fixed-line services, in an effort to offer customers an integrated experience across various communication infrastructures.

*Carrier customer care and administration interfaces* – MobileOffice is offered by CommuniGate Systems, a company which has a long experience in delivering carrier-class solutions, which include well designed customer care facilities and easy to use administration interfaces to network operators on a worldwide basis.

*Open API support for 3<sup>rd</sup> party application development* – MobileOffice also comes with open APIs, which facilitate the integration with 3<sup>rd</sup> party applications and allows network operators to leverage both existing and new applications to further drive added value.

### **3.1 The CommuniGate Platform**

Founded in 1991 CommuniGate Systems is headquartered in Mill Valley, California. The company develops carrier-grade unified communications software for broadband and mobile network operators to deliver value-added services as SaaS, or Cloud-based services to business subscribers.

Over 150 million users across 12,000 companies around the world put their trust in CommuniGate Systems every day, with customers ranging from the largest broadband, wireless and wire-line service providers, to enterprises of all sizes.

CommuniGate Systems' goal is to consolidate all forms of Internet Communications into one address space, making the single address for email, IM, VoIP and video calling, more productive, portable, and independent of tariffs and tolls of closed network topologies. The company also sees all Internet Communications becoming accessible to multiple media types through one account, providing true portability of an "address" no matter where users access the Internet. The CommuniGate Systems strategy and programs are designed to build and enable global change, one address, one network, always connected, and always portable.

CommuniGate Systems is a global company with subsidiaries, regional offices and research facilities located in Germany, Russia, Singapore, Taiwan, Japan and Latin America.

CommuniGate Systems' core technology platform, CommuniGate Pro™, is a highly scalable Unified Communication platform for on-premises and hosted SaaS deployments. Providing core IMS backplane and application server capabilities, the ultra-efficient technology powers the company's products, MobileOffice™, UC Centrex™, VoicePlus™ and MessagePlus™.

The use of CommuniGate Systems' hosted platform offers network providers many benefits:

- A mature technology relied on by over 150 million users across 12,000+ companies worldwide.
- A Hosted, ASP solution with simplified in-house migration options.
- Carrier-grade 99.999% availability.
- World-record holder for scalability.
- Proven IMS compatibility and unparalleled performance at 25 million subscribers.
- Highly Efficient, high-density server technology delivering maximum profitability.

#### **4.0 CONCLUSIONS AND RECOMMENDATIONS**

CommuniGate Systems' MobileOffice addresses an important market opportunity, which so far has been ignored by network operators. It cleverly combines the power of business class functions such as email, calendar, contacts, instant messaging and more with the ease of deployment of a hosted platform to allow network operators to quickly and inexpensively build an effective service offering.

The key for network operators, in leveraging this service, will be to target the growing SMB sector of professional users, which want access to robust business-quality communication services without sacrificing their choice of mobile device.

By deploying CommuniGate Systems' MobileOffice, network operators are able to differentiate themselves with a unique service that blends well with their existing services and improves on subscriber "stickiness". As subscribers upgrade phones and move to new richer devices, the network operator still retains an interesting value-added service that subscribers will sign-up for over and over again.

In addition, CommuniGate Systems' proven record as a robust, high-scalability hosting platform ensures that service delivery is reliable and can seamlessly scale to fit a growing subscriber base. The use of a SaaS cloud computing platform ensures network operators of a low risk and low CAPEX approach to service delivery. Furthermore, CommuniGate Systems' long standing experience in the email and collaboration market ensures that the company understands the finer points of communication connectivity and is able to quickly adjust to changing features requirements and competitive pressures.