

## **Consolidation Chronicles: Voxeo Acquires VoiceObjects**

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*Voxeo continues to use its cash flow in acquiring firms whose software and technology expand geographic scope and create greater business potential to its developer community. The acquisition of VoiceObjects delivers on Voxeo's promise of openness, strict adherence to standards and multi-vendor support to the application layer of the solution stack.*

### **The Highest Form of Flattery**

These days, more than ever, it is true that acquisition is the highest form of flattery. With Voxeo acquiring VoiceObjects, it also makes a good deal of business sense. For Voxeo, it represents geographical expansion and customer acquisition that will help keep its string of high growth quarters intact. For VoiceObjects, the prospects of delivering its application development and management software to a broader set of developers at an affordable price will now become more viable.

The two companies have been kindred spirits for some time. Both were early in promoting strict adherence to Web-based standards, especially VoiceXML and CCXML. Both came to similar conclusions regarding the importance of software-as-a-service (SaaS) and "on-demand" options to augment enterprise software licenses. And both have demonstrated strong support of multi-vendor environments.

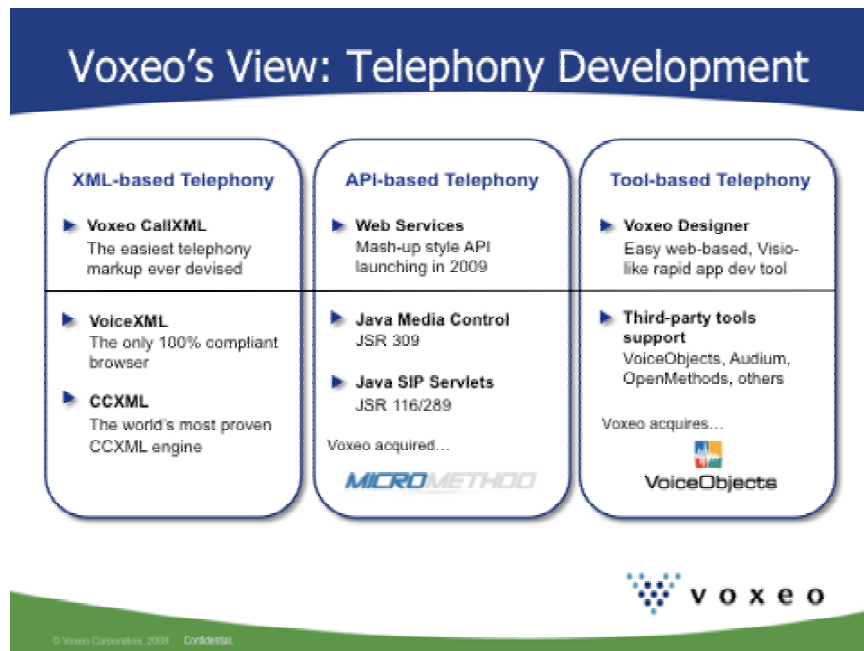
For its part, VoiceObjects paid tribute to Voxeo about a year ago by adopting the "free download" approach in getting its tools into the hands of the broadest spectrum of developers possible. Over the past couple years, Voxeo has pursued this approach for the Prophecy platform with great success and promoted its download site ([developers.voiceobjects.com](http://developers.voiceobjects.com)).

### **Voxeo's Expansive plans**

By the first quarter of 2009, the ink will be dry on the merger agreement and the combination of the two businesses will take shape. Voxeo's footprint in Western Europe (especially Germany) will be greatly enhanced, as will the solution set that Voxeo brings to market. The VoiceObjects Phone Application Server – and its suite of analytics and business intelligence resources, Analyzer – will be integrated into Prophecy 9 as illustrated in the picture below.

The picture reflects the fact that Voxeo has been a serial (and purpose-driven) acquirer of late and has done an excellent job of integrating technologies it has acquired. The ease at which new technologies can be integrated is a direct result of its long-standing commitment to standards, as well as strong support for its go-to-market developer community. Each acquisition has brought personnel and technology that enhance efforts to bring affordable, standards-based interactive voice response (IVR), telephony and self-service solutions into the market.

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Source: Voxeo (2008)

The picture above illustrates Voxeo's current thinking. It reflects how the company's software platform supports the approaches of three families of developers concurrently. For the "pedal to the metal" code-writers, Voxeo promises the most VoiceXML standards-compliant browser on the market, as well as a ccXML engine that has been more broadly implemented than any other (the company now claims 72,000 VoiceXML ports in service throughout the world).

The middle column reflects support of "API-based telephony" which is best thought of as "Web 2.0 conformant." It will ship in the first quarter of 2009. This approach is designed to appeal to all those Eclipse devotees who see an opportunity to build self-service applications that behave like telephony "mash-ups." Support of the Java specs for both SIP servlets (telephony control) and for control of media elements (including the control of IVR prompts and voice messages) are the foundation to this approach. The acquisition of Micromethod is at base of this approach. Its development of a Java-based code that serves as a SIP Application Server saved Voxeo time in bringing this approach to market.

### **The Third Column: "Tool-Based Telephony"**

The VoiceObjects acquisition accelerates introduction of more robust tools and analytics resources on the Voxeo platform. The illustration emphasizes the platform's ability to accommodate multiple Eclipse-based development tools,

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including Audium (Cisco), OpenMethods and Vicorp, in addition to or in conjunction with VoiceObjects. Indeed one of VoiceObject's long-standing design principles and marketing approach is certification on multiple platforms, including Avaya, Genesys, Interverse (Convergys) and Nortel, among others.

Multi-vendor support should put the combined company in good position during these difficult economic times. Consolidation among companies in several targeted verticals (like financial services and telephony) creates real challenges for system integrators and application developers in organizations that place a premium on the quality of their customer care.

### **Proprietary Solutions Built for Speed**

The figure above illustrates another important point about development and run-time environments. Above the dotted line, each column depicts a branded solution from Voxeo. For XML-based telephony, Voxeo developed a CallXML editor nearly seven years ago and many developers have found it to be a very fast way to generate apps quickly. In the middle column, the Java and browser-based "mash-up" approach prevails as a quick way to generate phone applications on the fly. A whole generation of pull-down-drag-and-drop developers (as well as end users) will avail themselves of this resource.

As for "tools based telephony", Voxeo sees its legacy development tool, Voxeo Designer, as best suited for development and management of relatively small-to-medium scale projects where scripting is straightforward and where integration with back-end systems is simple. VoiceObjects will be positioned as a set of resources for design, development, management, monitoring and analytics in larger organizations with multiple applications and multiple tenants.

### **Pricing and Packaging Under Pressure**

Voxeo has already taken steps to overcome some of the challenges that VoiceObjects had experienced in the marketplace. VO was founded in 2001 to address the need for development and management of voice and telephone applications in large telco environments. Many of the medium-sized prospects regarded the full platform as more horsepower than they required for their everyday application management. In addition, many companies found the cost of entry to be too steep to justify with traditional measurements of return on investment (ROI).

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Voxeo will unveil new pricing for the integrated VoiceObjects features and functions in the first quarter of 2009. While the specifics are not yet available, it is clear that Voxeo intends to keep its services affordable and flexible enough to appeal to a broad base of developers and go-to-market partners.

### **A Good Fit for All Parties**

The acquisition gives Voxeo a chance to beef up its presence in Western Europe while expanding its service offering to include more robust application development tools and support for analytics resources linked to business intelligence. VoiceObjects co-founder Michael Codini will head the new Voxeo subsidiary based in Cologne, Germany.

In the U.S., Voxeo already has established its management team and technical staff, as well as marketing and sales executives. It has no incentive to maintain and retain VoiceObjects' headquarters and staff in northern California.

VoiceObjects will prove its value to Voxeo as the combined company differentiates itself by supporting multiple applications for multi-site enterprises. Most importantly, Voxeo has opted to retain the VoiceObjects philosophy of supporting multiple vendors' platforms. Together and collectively, the combined company is destined to grow its share.

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