

Ros Eason - senior industrial officer, Communications Division, Communications Electrical & Plumbing Union;

Tracey Fellows - CEO Microsoft Australia;

Mia Garlick - assistant secretary, digital economy, DBCDE;

Dr Graham Hellestrand - CEO Embedded Systems Technology (also a NICTA board member);

Amanda Heyworth - CEO, Playford Capital Pty Ltd;

Anne Hurley - CEO, Communications Alliance (also president, National ICT Industries Alliance);

Jan Janssen, senior vice president, design and development, Cochlear Limited;

Paul Kristensen - executive chairman, Capital Technologies Pty Ltd;

Mike Lawson - general manager, competitive industries branch, Department of Innovation, Industry, Science & Research

Kumar Parakala - CEO President & Chairman, Australian Computer Society;

Suzanne Roche - director, Smartnet Pty Ltd;

Neville Stevens AO - chairman, NICTA;

Randall Straw - deputy secretary, Department of Innovation, Industry & Regional Development, Victoria;

Chris Winter - manager new services, ABC Innovation;

Dr Alex Zelinsky - director & group executive, CSIRO ICT Centre.

## **Avaya bids \$US475m for Nortel's IP telephony & UC arm**

***Avaya has bid \$US475m for substantially all of the assets of Nortel's Enterprise Solutions business globally along with shares in Nortel Government Solutions Incorporated (NGS) and DiamondWare.***

Like Nokia Siemens offer for Nortel's CDMA and LTE business, the offer is structured as a 'stalking horse' bid, creating the option for the bankruptcy court to solicit better offers from other bidders. And according to a blog posting from Allan Sulkin, president and founder of TEQConsult Group, "Siemens/Gores Group is still not out of the picture. The Siemens internal message issued to employees does not cede Nortel ES to Avaya, leaving open the possibility it could still outbid Avaya."

(Meanwhile The Wall Street Journal is reporting that Silver Lake Partners, the private equity firm that owns Avaya, is once again interested in buying Tandberg. A Silver Lake-Tandberg deal was rumoured just under a year ago.)

Nortel claims the offer comes at a time when customer service levels are the highest they have been

for several years. Nortel CEO, Mike Zafirovski, said the deal "represents the best path forward, and we are advancing in our discussions with interested parties for our other businesses...Today's agreements underscore the value of Enterprise Solutions and the investments we have made in enterprise telephony, unified communications and data networking core competencies. If successfully completed, this transaction will provide clarity on the path forward for our enterprise customers, partners and employees, and enable the industry to continue to benefit from Nortel-created technology, know-how and leading-edge innovation."

According to Avaya president and CEO, Kevin Kennedy, "The addition of Nortel Enterprise Solutions will increase Avaya's global scale, expand our channel partner network and strengthen our world-class portfolio of products and services. This is a strategic opportunity to acquire talent and complementary assets that position the combined company for growth and success."

However there are potential complications: Nortel has a close relationship with Microsoft, the innovative Communications Alliance into which it poured a great deal of product development effort, and there is no certainty that either Avaya or Microsoft would want to continue this following any acquisition.

Commenting on the offer on his blog site, Zeus Kerravala, SVP enterprise research at The Yankee Group said: "[US\$475m] is about half of this year's predicted revenue. This may seem high considering the lack of profitability from Nortel but you can bet Avaya will squeeze much of the excess fat off of the Nortel bone and have it be profitable sooner than later."

### **Consolidation good for the industry**

He added; "This type of consolidation is good for the industry and has been happening over the past few years with NEC acquiring Sphere, Mitel purchasing InterTel, Ericsson selling its enterprise assets to Aastra, Avaya buying Ubiqity, etc. There are simply too many vendors for this market to support...The combined organisation will be the undisputed number one voice vendor. Based on my quick calculations, I believe Avaya and Nortel will be conservatively 25 percent of the overall voice market (not just VoIP but all voice) with Cisco being number two with 16 percent... Avaya has done an excellent job in converting its own base to VoIP but hasn't been able to attract many new customers.

"This gives Avaya many new enterprise customers as well as government institutions to sell into. Additionally, Nortel helps Avaya expand its channel by adding some systems integrators and service providers that Avaya does not have right now. So

more customers and broader channel, definitely something Avaya would have been challenged to grow organically."

He predicted that the deal would benefit customers of both companies. "For the Nortel customer base there's finally closure to the long period of uncertainty. The product strategy from 'Norvaya' won't be substantially different than Nortel alone in that real time communications is core to mission. For the Avaya customer base, the benefits will come down the road when a bigger Avaya is better able to compete and then further re-invest R&D dollars.

"The long term determination of whether this was a good deal or not will be based on how many of the channel partners Avaya can retain and how many customers it's able to flip before Cisco, Microsoft and the other companies come knocking with great deals on Nortel replacement products."

### **Creating an Australian market leader**

In Australia, according to Gary Tsang, Telsyte's enterprise communications analyst, the acquisition will provide Avaya with a great opportunity to become the enterprise telephony market leader, if it is able to sustain Nortel's and its own shipment and sales level. "In 2008, Cisco had close to a quarter of the market, but if Avaya is able to integrate the Nortel business efficiently and retain channels of distribution, in combination with Avaya's recent change in channel strategy and new innovative product offerings, Avaya can credibly become the market leader with close to 30 percent market share by the end of 2010," Tsang said. "In the all important IP telephony segment, Avaya will definitely challenge long-time market leader Cisco for the number one spot."

Telsyte also identified Nortel's routing and switching portfolio as the key to Avaya's future success. "Avaya has struggled in the past two years to remain competitive in the market, losing close to two percent of market share in from 2007 to 2008," Tsang said. "The acquisition will provide Avaya with a strong and energy-efficient routing and switching product suite to complement its strength in telephony and applications in providing an end-to-end unified communication solution that Australian business decision makers are currently seeking."

In the US and Canada the transaction is subject to a competitive bidding process and requires the approval of the United States Bankruptcy Court for the District of Delaware and the Ontario Superior Court of Justice. Avaya expects that hearings before those courts to approve bidding procedures will be held within the next couple of weeks, followed by an auction, with hearings for approval of the ultimate sale to be held thereafter.

In EMEA, Avaya has entered into an agreement with the Joint administrators, on behalf of the EMEA entities for which they have been appointed and the transaction is subject to information and consultation with employee representatives and approval of the courts in France and Israel.

## **Telstra IT exec elected VP of international IT body, ISACA**

***Ria Lucas, a manager with the Investment Management Group at Telstra, has been elected international vice president of ISACA - a non-profit association serving more than 86,000 IT governance, assurance and security professionals in 160 countries.***

She also assumes the role of trustee of the IT Governance Institute (ITGI) - ISACA's research affiliate established in 1998 to help enterprise leaders ensure that IT supports the enterprise's mission and goals - and is one of three Australians elected to leadership roles in ICASA and ITGI at the organisations' annual conference in Los Angeles.

"As ISACA embarks on a new strategy to further enhance the organisation and continue its success and growth, the strong leadership and vision of leaders such as Ria are vital," said Emil D'Angelo, international president of ISACA and the IT Governance Institute (ITGI). "We have relied on her expertise as a valuable asset to the continued strength and accomplishments of ISACA and look forward to her future contributions."

According to ICASA, Lucas has experience in internal and external IT audit and has also worked in various capacities in IT. She was a senior director of IT audit with the Australian National Audit Office before moving into audit and risk management in telecommunications. In her current role, her focus is on IT investment management and governance.

She is a past president of the ISACA Melbourne chapter, has served as chair on the CISA technical education committee and the CISA certification board. More recently, she has participated on ISACA's finance and membership boards (2007-2009) and is currently a member of ISACA's audit committee.

### **More Australians appointed**

Seven other IT professionals were elected to ISACA and ITGI leadership positions. Two of these were from Australia. Tony Hayes, executive director of the Queensland Government's Service Delivery and Performance Commission, and Howard Nicholson, business analyst with the City of Salisbury in South Australia.