HiPath 500 & HiPath 1100 PHASE OUT

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FAQ

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HiPath 500 & 1100 Phase-Out FAQs

Contents

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0. Introduction

The HiPath 500 and HiPath 1100 systems have primarily provided telephony to organizations with less than 140 users. As of March 4, 2013 these two products will no longer be available for sale. Since their introduction, what the market values has materially shifted from basic, port connectivity to employee productivity enabled through higher value-add communications. As a result there has been a decline in global sales volumes, and we are proactively adapting our strategy to focus on higher value solutions for our customers and partners.

There are no plans for a replacement product for the low end of the market (i.e. under 30 users). Our strategic focus is on the high growth, high functionality business and accordingly, we are continuing to invest in our OpenScape Office portfolio.

1. Market Data

1.1. Under-30 User Market Profile

The HiPath 500 and HiPath 1100 systems have traditionally been the best solutions for the under-30 user market. A profile of this SMB sub-segment is as follows:

- Market Size -- €1.2B

- Deal Type -- walk in, sell, come back after 3 years (on expiration of contract)

- Typical needs – pure voice, TDM, telephony for non-information workers

- Competitors (In order by market share, globally) – local niche players, Panasonic, NEC, Avaya, Samsung, Intelbras, Alcatel-Lucent

1.2. Benefits of IP

Market data indicates that the highest growth rates are for IP-based systems. According to industry experts, IP-based systems are:

- Less expensive than TDM-based systems

- More flexible than TDM-based systems, from implementation to operation support

- Able to provide more consistency in communication

- Allows for the implementation of UC

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1.3. Benefits of UC

Unified Communications can enable SMB's looking to better server their customers *and* employees. Industry experts note the following benefits:

- Collaboration – enabling virtual teamwork and instant data sharing regardless of location

- Communication – through Instant Messaging, with various devices and with conferencing capabilities

- Access – UC operates on any device, allowing the receipt of messages through any format (voicemail, email, etc.)

- Financial – UC offers increased productivity, reduction of travel and cost savings

2. HiPath 500 and HiPath 1100 Phase-Out System Details

2.1. Why are these systems being phased out?

Since the introduction of the HiPath 500 and HiPath 1100, market drivers have shifted toward a need for value-add communications versus basic connectivity. As a result there has been a decline in global sales volumes, and we are proactively adapting our strategy to focus and invest in higher value solutions for our customers and partners.

There are no plans for a replacement product for the low end of the market (i.e. under 30 users). Our strategic focus is on the high growth, high functionality business and accordingly, we are continuing to invest in our OpenScape Office portfolio.

2.2 When will the phase out take place?

Date	Description
03/2013	The order entry for HiPath 500 and HiPath 1100 will be closed on March 4, 2013
03/2014	The hardware and software support by development will end March 31 2014
03/2014	The order entry for spare parts will end March 31 2014

2.3 What products are available to Customers?

The HiPath 3000 and OpenScape Office solutions are available to meet the value-add communications needs of the SMB market. Available products are:

OpenScape Office MX
The All-In-One UC appliance supporting up to 150 users, and offering traditional TDM and SIP trunking

OpenScape Office LX

A virtualized solution, delivering pure software-based unified communications in a hybrid model

HiPath 3000 and OpenScape Office HX

The server-based UC solution for the existing HiPath 3000 installed base

OpenScape UC Suite –Partner Hosted

A hosted pure software UC solution offering accessibility and scalability on demand

2.4 What are the customer benefits of the SMB product portfolio?

- With OpenScape Office, UC enables SMB's to improve productivity and reduce costs while keeping customers and employees satisfied

- OpenScape Office is an investment that will result in significant ROI

- OpenScape is future-proofed for customers and partners

3. What if I have more questions?

3.1 Contacts

Product-specific questions should be directed to Robert Ehses, VA SME: robert.ehses@siemens-enterprise.com or +49 (89) 7007-20727.

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