



CES 2009 Show Update

Cisco Sees More Eos in the Media and Entertainment Future



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Summary

Event Summary

January 7, 2009 - At the 2009 International Consumer Electronics Show (CES) in Las Vegas, Cisco announced the availability of the Cisco Eos hosted white-label software platform that allows media and entertainment companies to create, manage, and grow online communities around their content. Cisco Eos is designed as a powerful, integrated platform that incorporates social networking, content management, and site administration features into a single operating environment, allowing content owners to deliver immersive consumer experiences, while increasing revenue opportunities and reducing operational costs.

Analytical Summary

- **Current Perspective:** Positive on Cisco introducing its Eos platform, which is designed to extend an enhanced online social networking-type experience to media and entertainment Web sites in order to reduce the overhead costs associated with rich media Web sites for media and entertainment companies while stimulating revenues through a hosted software model. However, Cisco still needs to prove it can adapt over the long-term to the hosted software business model in the face of a wide variety of potential rivals.
- **Vendor Importance:** Moderate to Cisco, as the company needed to launch the Eos platform to show that its Media Solutions Group continues to make progress using cutting edge innovation to open relatively new market opportunities for the company, as well as countering situational rivals such as Microsoft, by proving that Cisco can also meet the hosted software platform desires of media and entertainment companies.
- **Market Impact:** Low to moderate on the overall digital media infrastructure (DMI) market, since the Cisco Eos platform initiative is in its earliest stages and relies heavily on the still emerging software-as-a-service (SaaS) approach to gain potentially more traction with media and entertainment companies. However, major digital media infrastructure rivals need

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to monitor Cisco's moves in this area, as it could open new side and backdoors for pushing other Cisco video networking product lines and it warrants a refresh on their approach to using SaaS technology as a way to expand their presence in the media and entertainment realms.

Perspective

Current Perspective: Positive

We are taking a positive stance on Cisco unveiling its Eos platform. This is due primarily to Cisco enlisting the Warner Music Group as a straight-out-of-the-chute customer to bolster Cisco's marketing assertions as it looks to expand into the media and entertainment segment of the SaaS/software hosted platform market. The Eos platform is designed to enable media and entertainment companies to take advantage of more effectively associating their sites and brands with the ongoing trend toward increased social networking and communities of content. Naturally, the key to long-term success with the Cisco Eos platform entails media and entertainment companies discovering enhanced methods of combining social networking interactivity with metadata analysis, as well as media and site management tools, to gain business benefits that improve and diversify overall revenues and thus the stickiness of the customer relationship.

On the concern side, Cisco still must prove it can compete long-term in the media and entertainment segment of the software hosted platform/SaaS arena. This includes adapting to sales cycles and business models that are distinct from Cisco's traditional hardware and licensed software models as well as by demonstrating that sustained new revenue streams can be realized by customers such as the Warner Music Group. Moreover, Cisco must contend with a wide array of players that also target media and entertainment Web-centric business using emerging SaaS technology options. Such players include software-centric titans Microsoft, Oracle, IBM, and Symantec as well as a host of independent SaaS companies (e.g., Clickability, Cloud9) that are also focused on pursuing the media and entertainment vertical segment.

Positives and Concerns

Competitive Positives

- The foray into the media and entertainment segment of the software hosted platform market area promises to diversify Cisco's revenue streams further over the long-term. With over a one-third of consumers indicating a preference in accessing their entertainment content and news directly from the branded site of their entertainment favorites (e.g., TV show, movie, musical act), Cisco takes advantage of an emerging market opportunity to expand its brand name and channels within the media and entertainment vertical.
- The Eos platform is designed to extend benefits to media and entertainment companies by reducing costs in the area of managing Web platforms, improving rich media experiences for Web customers, and streamlining the administration of the overall consumer/customer relationship including site and media management.
- The Cisco Eos platform uses a Java backend approach in combination with a LAMP

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(Linux, Apache, MySQL, PHP) stack on the frontend to ensure a smoother migration and upgrade path for media and entertainment customers by avoiding potential proprietary pitfalls in areas such as service support cycles.

Competitive Concerns

- Cisco still must prove it can compete long-term in the media and entertainment segment of the software hosted platform/SaaS arena. This includes adapting to sales cycles and business models that are distinct from hardware and licensed software models as well as demonstrating sustained new revenue streams from customers such as the Warner Music Group.
- The Cisco Media Solutions Group (CMSG) launched and will oversee the Eos platform, which can run the risk of clashing with some of the business and revenue objectives of other established Cisco business units. For instance, the Web business case for service providers related to Web 2.0/social networking may somewhat clash with the similar Web business case for media and entertainment interests.
- Cisco must contend with a wide array of players that also target media and entertainment Web-centric business using emerging SaaS technology options. Such players include software-centric titans Microsoft, Oracle, IBM, and Symantec. In addition, digital media infrastructure rivals such as Ericsson, Alcatel-Lucent, NSN, Thomson, and Motorola are also bound to compete against Cisco in this area, creating more open-ended competitive clash.