

**Topic: Collaboration****Issue:** Who are the collaboration providers and how will they evolve?

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**Microsoft Lync Gets Mainstream Branding As “Skype for Business”**

**Summary:** *Renaming Lync “Skype For Business” puts a friendly face on Microsoft’s industrial-strength collaboration tool, but the company may have to work hard to keep buyers from confusing it with the consumer version of Skype.*

**Event:** On Nov. 11, 2014, Microsoft announced it would rebrand Lync as “Skype for Business.” It expects to complete the rebranding in 2015.

**Analysis**

Other than integrating it with Lync, Microsoft did little to push the Skype brand into the enterprise since acquiring it in 2011 until it established the Skype business division. Lync has been the most rebranded Microsoft product in the past 10 years, from being part of Exchange through LCS, OCS, Lync and now Skype for Business.

Last year we indicated that Lync might move to the Skype brand, and that doing so would give it an appropriate home. Skype is far better known, and after spending \$8.5 billion to acquire it, Microsoft has not leveraged it enough as an enterprise asset. Instead, it invested in the Lync brand, which now has its own conference and a budding ecosystem.

Lync has powerful internals but limited brand awareness. When Skype for Business is released in 2015, it will still have the Lync infrastructure, but the client design will resemble Skype, which is more widely known and familiar to consumers. Lync Server will also be renamed Skype for Business Server.

Skype is a consumer application, and its users comprise a huge de facto social network that Microsoft has never taken full advantage of. Making a heavy bet on ubiquity with several recent moves, such as integration with Dropbox, Microsoft now combines consumer penetration with enterprise credentials to extend its reach across all fronts from consumer to business. We anticipate that this will also be the root of a big mobile messaging push by Microsoft to rival Facebook’s WhatsApp acquisition and the new market of emerging mobile messaging players.

Microsoft should now continue to enhance the interoperability between Lync and Skype that it has begun with search and directory integration. Last year Microsoft killed the Skype desktop APIs (see First Cut 2013-FC9, [Microsoft Kills Skype Desktop APIs; Leaves Developers Scrambling](#)). This was a clear warning signal that it wanted full control of the Skype ecosystem, presumably anticipating a move such as this.

With the Skype paid call plans, we anticipate that Microsoft’s telco partners will be somewhat concerned that their business may be impacted by Skype’s “over-the-top” calls. These partners currently provide services for Office 365, where Microsoft already offers its own services that have created some tension with some partners.

**Security Concerns**

The major concern for enterprises is that some security executives perceive Skype as insecure. Although Microsoft has stated all along that Skype for Business uses the secure Lync infrastructure rather than that of the Skype consumer service, the company should further emphasize that message to alleviate security

fears and offer a clear roadmap. We expect confusion between Skype for Business and the Skype consumer service to persist.

### **Aragon Advisory**

- Lync customers should get a clear roadmap regarding Skype for Business, and guidance about what it means for current investments.
- Microsoft's Lync partners should also request clear guidance about the Skype For Business technical roadmap.
- Planners currently evaluating Lync for UCC should get detailed confirmation of the Lync internals in Skype for Business, as well as guidance around client-side security.

### **Bottom Line**

We anticipated this move, and we believe that leveraging the more popular Skype brand will reinforce Microsoft's enterprise penetration and drive adoption in small and midsize businesses. It will also raise concerns among service provider partners who are already worried about Microsoft being in the services business itself.

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