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Cisco Acquires Tropo To Enter Communication & Collaboration PaaS Market

Summary: *Cisco's acquisition of Tropo signals a move to offer a communication and collaboration platform as a service (PaaS). This should allow Cisco to open up its UCC architecture.*

Event: On May 5, 2015, Cisco announced its acquisition of Tropo, provider of a cloud API PaaS platform for integrating SMS and communication capabilities into applications.

Analysis

Cisco's Tropo acquisition is a deliberate move to build a developer ecosystem around a PaaS platform that can embed existing communication and collaboration services in business applications as well as create new ones. This is a step closer to the promise of communication-enabled business processes that many in the UC space have hyped but never quite realized.

Cisco gets Tropo's cloud API platform, which lets it enable communication and collaboration in any application rather than just providing collaboration services. Tropo has a community of around 200,000 developers using its platform. This large ecosystem of developers should benefit Cisco, which also needs to move quickly to embrace them, since competition for developers is fierce.

We're in an API economy, and Cisco has not had great success in building a developer community or ecosystem around its unified communication and collaboration (UCC) applications. Outside of WebEx, Cisco has had some failed attempts in collaboration with offerings like WebEx Mail and WebEx Social.

By offering a communication and collaboration PaaS, Cisco will be able to extend its presence and reach to a broader ecosystem of developer partners and organizations. In essence, Cisco can open up its product capabilities via APIs, making them much more open than in the past.

PaaS Platforms are the Future

There are already some PaaS players in real-time communication and collaboration, such as Genband with its Kandy platform and others such as Corvisa. Tropo was also an early provider of WebRTC APIs and protocols along with players like TokBox (acquired by Telefonica). It will be interesting to see what Cisco does here with WebRTC support.

Clearly, Cisco wants to gain some stickiness in collaboration by being an enabler of capabilities. API-led architectures are emerging in enterprises, being driven by line-of-business leaders looking for collaboration capabilities in specific business domains.

Customers Win

Business buyers are concerned with outcomes, and want collaboration capabilities that enhance their business processes. Areas such as Sales Communications are emerging due to this trend.

Tropo also has a huge base of service-provider partners. Its developer network builds apps that integrate into service providers' communication infrastructures. This fits well with Cisco, which has a vast network of service provider partners that resell its services such as WebEx. However, Cisco also competes with its partners, as it sells WebEx directly.

Challenges and Opportunities

Cisco will have integration challenges in some areas. Tropo did not have vast video capabilities, so Cisco may have to leverage its video assets and integrate them into the platform. Also, will Cisco then invest further into competing with other API platforms such as Twilio, Corvisa and the emerging Genband Kandy?

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- The 200,000 Tropo developers should ask for a clear road map from Cisco with regard to its future direction.

- Existing service providers partnering with Tropo and the developer network should ask for guidance regarding Cisco's plans for the Tropo platform.

Bottom Line

The collaboration space is at a crossroads, as technical convergence and market consolidation increase. The rising API economy has impacted the communication and collaboration market. Cisco now gains a large developer ecosystem and an extended customer base.

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