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Microsoft Plans to Blend Phones With Computers

By **JOHN MARKOFF**

SAN FRANCISCO, June 25 – Microsoft plans to offer a strategy on Monday describing how it intends to transform the telecommunications world in much the same way it changed the computing world in the 1980's.

Its new approach centers on systems for the workplace that blend desktop computers with office and mobile phones, a combination known as "unified communications." But Microsoft, already late to the field, will not have its offerings commercially available before the second quarter of next year.

"This is pretty complicated stuff to get out," said Bernard Elliot, a research vice president at Gartner Inc., a market research firm in Stamford, Conn.

Microsoft's challenge is to convince corporate clients that they need to adopt a growing suite of the company's desktop and server-based software at a time when inexpensive and modular Web services are becoming increasingly popular.

"When we are looking to integrate with Microsoft, we have to consider how good their interfaces are," said Julie Farris, founder of Scalix, a Silicon Valley-based messaging company based on open-source software. "Those developed by competitors are almost always richer."

Microsoft's products will connect its Exchange Server e-mail system to advanced Internet-based PBX systems as well as traditional ones and make it possible to view voice mail in an Outlook inbox. The programs will also perform a series of sophisticated functions linking desktop and cellular phones to desktop and server computers.

In one Microsoft demonstration, a user late for a meeting that is scheduled in an Outlook calendar can phone the Exchange server and tell the system to notify other participants that he or she is running 10 to 15 minutes late. The system, using voice recognition to interpret the message, automatically generates an e-mail notification.

Other features of the new extension to Exchange, to be called Communications Server, make it possible for users to have e-mail read to them by telephone.

"We think there's a lot of productivity to be gained by people having things in one place," said Jeff Ressler, Microsoft's director of Exchange marketing.

Although Microsoft has built alliances with powerful telecommunications firms like Cisco

and Siemens, it is also potentially vulnerable because it has confined its development to the Windows operating system.

Elsewhere, I.B.M. said it would announce a new version of its collaboration software on Monday, called Lotus Sametime. The program, with many of the capabilities of the Microsoft software, is scheduled for delivery this summer. I.B.M., which has been the leader in collaboration software but has been losing market share to Microsoft, said it was pushing to adopt open standards.

"We've been far ahead of Microsoft in these technologies," said Ken Bisconti, I.B.M.'s vice president for workplace, portal and collaboration products, speaking from Cambridge, Mass.

Microsoft is also facing a growing open-source communications software market. One project, an open-source, Internet-based PBX called Asterisk, has more than 500,000 systems now in use. "Microsoft might have realized that there are a lot of people who have seen this idea," said Mark Spencer, an Asterisk designer and president of Digium, a company in Huntsville, Ala., that sells a commercial version of the program. "They want to get the message out there that they have a strategy."