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Cisco Systems to Acquire Selsius Systems, Inc. for \$145 Million

Cisco Extends New World to PBXs and Phones

SAN JOSE, Calif. -- October 14, 1998 -- Cisco Systems, Inc. today announced it has signed a definitive agreement to acquire privately-held Selsius Systems, Inc. of Dallas, Texas. Selsius is a leading supplier of network PBX systems for high-quality telephony over IP networks.

Under the terms of the acquisition, shares of Cisco common stock and cash with an aggregate value of \$145 million will be exchanged for all outstanding shares and options of Selsius. In connection with the acquisition, Cisco expects a one-time charge against after-tax earnings of between \$.03 and \$.06 per share for purchased in-process research and development expenses in the second quarter of fiscal 1999. The acquisition is subject to various closing conditions, including approval under the Hart-Scott-Rodino Antitrust Improvements Act.

Selsius' technology will enable Cisco to accelerate the transition from conventional, proprietary circuit-switched PBXs to multi-service, open LAN systems capable of enabling the next step in data/voice integration. This acquisition enhances Cisco's data/voice/video integration strategy by bringing open, standards-based technology to conventional PBX and telephone equipment. This technology will become an integral component in the fourth phase of Cisco's five-phase voice/data/video integration strategy.

Selsius' IP phones and call manager software will initially enable small and medium businesses and branch offices to migrate voice traffic onto packet data networks. Cisco will extend the technology to the full campus environment. Cisco will also enhance this technology to enable value-added applications such as virtual call centers and unified messaging.

"This acquisition signals the new world in PBX technology," said Mario Mazzola, Senior Vice President, Enterprise line of business. "Customers should seriously consider the network PBX technology before committing to purchase old world equipment. Cisco will demonstrate its commitment to this technology by replacing its internal conventional PBX equipment over the company's 40-building campus," he added.

Selsius was founded in 1997 as a wholly-owned subsidiary of Intecom Inc. Intecom is a wholly-owned subsidiary of Lagardere SCA, a French corporation with \$11 billion in revenue in media and technology. The 51 employees led by Selsius President and CEO David Tucker will become part of Cisco's Enterprise line of business headed by Senior Vice President Mario Mazzola.

About Cisco Systems

[Cisco Systems, Inc.](#) (NASDAQ: CSCO) is the worldwide leader in networking for the Internet. News and

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