

We are heading into the holiday season, with news tending to slow down, and the final Q3 reports coming out.

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News in Brief

- SBC is reported to be ready to announce a new VoIP service that would allow customers to consolidate voice mail and email in a single inbox, forward calls to cell phones and elsewhere, call from a personal computer, and conduct conference calls from an Internet browser. VoIP thereby becomes the latest weapon in the competition among the Bells and long distance companies.
- Forgent Networks wholly owned company Network Simplicity has released Meeting Room Manager 2004 (MRM), a newly enhanced, easy-to-implement and more affordable scheduling software system. The software schedules resources and sends out meeting invitations by email. If we read the press release right, pricing starts at \$299.
- Latitude (soon to be Cisco) has signed an OEM deal with PeopleSoft, for which MeetingPlace iCreate will be embedded into PeopleSoft training products. (iCreate enables educators and business people to create rich-media content themselves, easily converting PowerPoint presentations into Flash content.) PeopleSoft has licensed both versions of the product, which include an enterprise-licensed solution and desktop software. PeopleSoft will use the enterprise solution to develop training products and will resell the desktop software under the PeopleSoft brand. The company will also provide customization services supported by Latitude to enable customers to create interactive surveys that converse with PeopleSoft's learning management system (LMS).
- RADVISION has expanded its INVISION product line with new models that are aimed at small/medium enterprises. The entry level machine appears to be a \$44,500 unit (list price) that supports ten concurrent users at 768 Kbps each, unified ISDN/IP conferencing, and a full suite of new call and network management tools. The INVISION product line now includes ten appliances, although details on exactly what the three new units are were not included in the press release. For those who may not recall, the INVISION products are self-contained appliances that include gateway, MCU, and gatekeeper functionality and are designed to make rich media conferencing deployment less intimidating than an organic chemistry final exam. Additionally, RADVISION is now offering a stand-alone INVISION Management product as part of the INVISION family. This unit features scheduling and network management as well as a fully featured H.323 Gatekeeper – all embedded in a 1U chassis.
- It's official - Microsoft is retiring NetMeeting. First introduced in May 1996, NetMeeting will be phased out gradually while Microsoft will push Office Live Meeting (OLM), formerly known as PlaceWare, for online meetings. Many of the elements of NetMeeting,

such as whiteboarding and application-sharing, are used by the MSN Messenger and Windows Messenger IM applications. But Microsoft has already stopped development work on NetMeeting and links from MSN Messenger and Windows Messenger will be cut in future updates to those products, with links provided instead to OLM.

- ViewCentral has now integrated its collaboration management solution to Microsoft Office Live Meeting, WebEx, MCI, Raintance, Interwise, and Centra.
- Masergy Communications has signed a partnership deal with IPV Gateways, a privately held corporation providing IP to ISDN services through major PoPs in Manhattan and Toronto. The company claims users will see a 40-50% savings within North America and a 60-90% cost reduction internationally compared to traditional ISDN video calling. In essence, this service provides a shared gateway for any of Masergy's IP video customers.
- Voice and data networking service company, Santa Barbara-based [Powercom](#), which provides call center services, network consulting, and long distance analysis for large users of telecom services, appears poised to enter the conferencing services business through a multifaceted partnership with [Spectel](#) for audio bridges, [Value Connect Technologies](#) for billing software, and [SpotMagic](#) for a most-unusual web conferencing capability. The new service, dubbed ConferenceGate (both reservationless and operator assisted) is actually a managed service offering based on co-located audio bridges in a hardened, secure, redundant site in Las Vegas. While Powercom doesn't appear to have its marketing message clearly honed yet, the overall concept is that for companies doing over a million conferencing minutes a month, the message is "do everything you are doing today for reservationless conferencing, but cut your rate in half. No capital expense, no staff, and no budget required." Whether the powergate approach makes economic sense depends on your conferencing strategy, overall costs, and other factors that are readily identified and analyzed. We think the unusual SpotMagic application however is far more suited to entertainment videos and some interactive learning presentations than it is to business meetings.

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December SpotLights, Americas & Europe:



Beyond the Hype - the Future of Conferencing

Speaker: Andrew W. Davis, Managing Partner, Wainhouse Research

Americas: 11 December 2003 (Thursday) Time: 11:00am EST (New York) [Click Here to Register Americas](#)

Europe: 18 December 2003 (Thursday) Time: 10:00am GMT (London) [Click Here to Register Europe](#)

Join Andrew as he shares his observations and thoughts on the evolution of the conferencing industry and his outlook for 2004 and beyond. This presentation will look at the conferencing terrain past and present, consider the propositions being made by the vendors, and include predictions on the future of conferencing and collaboration.

The Americas SpotLights is sponsored by [InterCall](#), a provider of reliable and cost-effective audio, web and video conferencing solutions. We will host the web conference using InterCall's Mshow product.

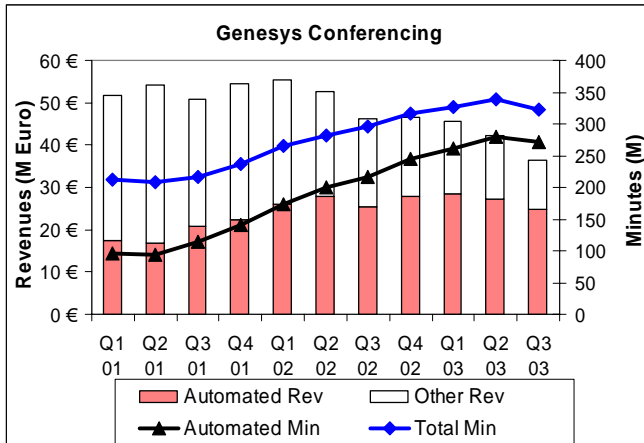


The European SpotLights is sponsored by [WebEx](#), a provider of online meetings, web conferencing, teleconferencing and video conferencing services that power today's enterprise.



The next Megaconference, Megaconference V, will take place on December 10. It's free, and it's worldwide. If you are in to H.323 video, check out www.megaconference.org

Genesys Conferencing – Q3



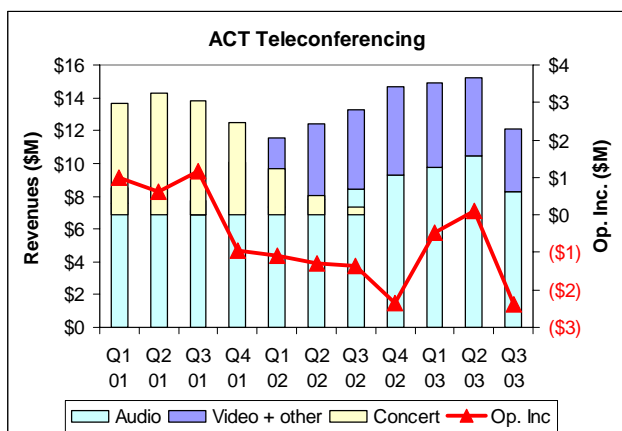
Genesys Conferencing reported a tough Q3, with many of the numbers showing negative growth from Q2/03, but positive numbers compared to Q3/02. On an annual basis, total call volumes were up, but revenues were down ~22% due to a slowness in Europe and to weakness in the US dollar vs. the Euro. For Q3/03, automated services represented approximately 68% of revenues and 85% of audio minutes, compared to 55% and 73% in Q2/02 respectively. Revenues decreased 21.4% to 36.3 million euros, from 46.2 million € in Q3/02. The revenue decline was attributed to the weak dollar, a continuing shift towards automated services (higher margins but lower revenues per minute), and overall price erosion. Gross margins for Genesys remain strong (62.5%) due to cost controls, consolidated operations centers with higher productivity, and the contribution of higher margin automated services.

Genesys	Q3 02	Q2 03	Q3 03	Sequential Growth	Annual Growth
Automated Rev	25.3 €	27.3 €	24.8 €	-9.3%	-1.9%
Other Rev	20.9 €	15.0 €	11.5 €	-23.1%	-45.0%
Automated Min	215.6	278.6	272.2	-2.3%	26.2%
Total Min	296.6	339.4	322.1	-5.1%	8.6%
Total Revenue	46.2 €	42.3 €	36.3 €	-14.2%	-21.4%

Our Comments:

As you can imagine, the transition to automated services is playing havoc with many of the conferencing service providers for several reasons. One is that the price per minute in this arena is highly competitive and leads CSPs to report lower overall gross revenues; the other is that automated services promote little customer loyalty – so churn must be more of a problem, and this in turn leads to even more price competition. We think many vendors will be induced to offer free or nearly free web conferencing services to protect their audio business.

ACT Teleconferencing – Q3



ACT \$M	Q3 02	Q2 03	Q3 03	Sequential Growth	Annual Growth
Audio	\$8.44	\$10.42	\$8.30	-20.3%	-1.6%
Video+other	\$4.80	\$4.80	\$3.80	-20.8%	-20.8%
Concert	\$0.21	\$0.00	\$0.00	NM	-100.0%
Total Rev	\$13.45	\$15.22	\$12.10	-20.5%	-10.0%
Op. Inc	-\$1.35	\$0.09	-\$2.38	NM	NM

ACT reported revenues of \$12.1 million for Q3, down from Q2/03 and down from Q3/02. Results were impacted by a variety of factors, some negative and some positive. For example, while revenues were down 10% annually, overall minutes were up 10%. Minutes however are

balanced between events, attended services, and unattended services, with unattended minutes (almost 2/3 of the company’s revenues) growing the fastest while also suffering the most competitive pricing pressure. Pricing on attended audio and video remains “reasonable stable.” Perhaps more representative of what’s going on in this end of the industry, ACT reported that when comparing the first nine months of 2003 against the first nine months of 2002, audio minutes were up 32% while audio revenues were up 8%. The AT&T outsourcing contract generated \$1.5 million for ACT in the first nine months of 2002 and \$5.8 million in the first nine months of 2003 while the old Concert program generated \$2 million and zero million respectively.

People & Places

VSGi, **Jeff Warter**, Federal Account Manager; **Sally Windman**, Major Account Manager, Metro NY; **Marc Kremer**, Director of Operations.

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