

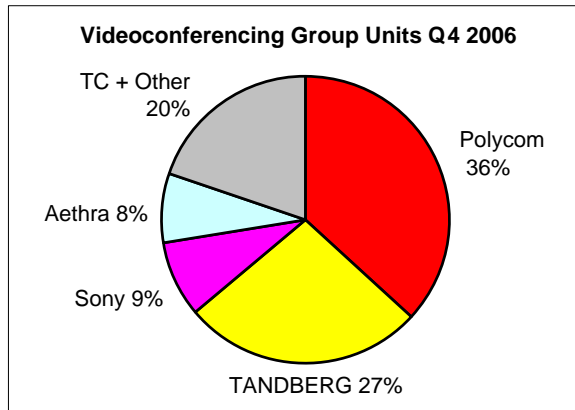
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Andrew W. Davis, andrewwd@wainhouse.com

Videoconferencing Industry Statistics – Q4 and YR2006

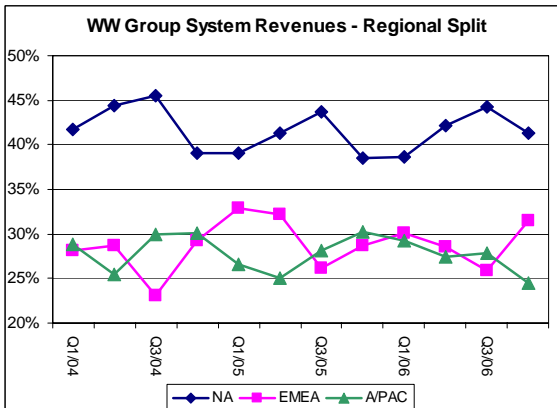
Group Videoconferencing	Q2-06 statistics		Q3-06 statistics		Q4-06 statistics		
	Sequential Growth	Annual Growth	Sequential Growth	Annual Growth	Value	Sequential Growth	Annual Growth
Total Group Revenues	8.9%	18.1%	7.2%	18.1%	\$240.2	14.5%	28.7%
Total Group Units	0.3%	19.5%	7.2%	21.3%	47,113	12.4%	21.7%

As can be seen from our table above, 2006 was a banner year for the videoconferencing industry, with outstanding annual growth rates recorded quarter after quarter, with the fourth quarter turning in the highest rates of all.

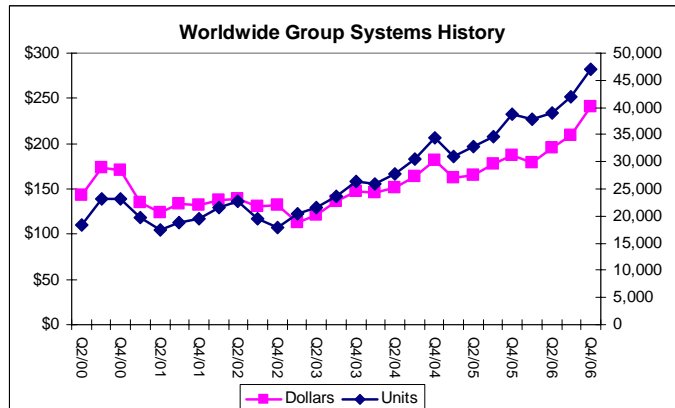


For the quarter, Polycom retained its traditional number one ranking in unit market share with 36%, but in terms of video unit revenues, was nosed out for the quarter by Tandberg which took the number one position.

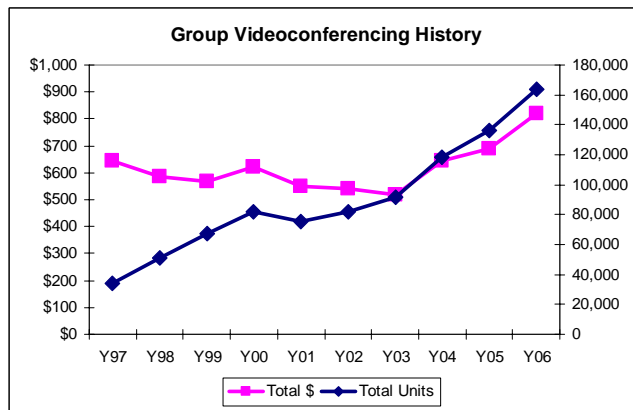
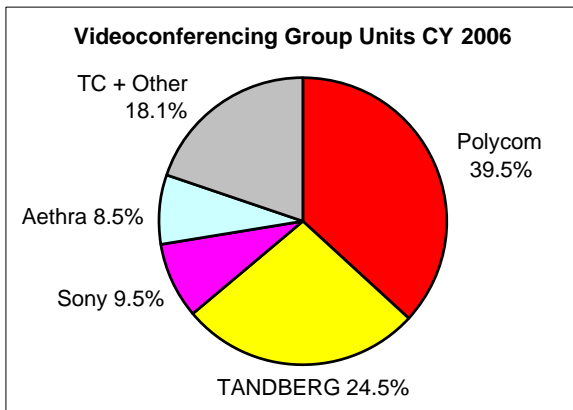
We've noted that geographic distribution tends to shift from quarter to quarter, although values tend to stay within a long term range. This was true in Q4 as well with EMEA turning in a strong quarter near the high since we began tracking the data. North America tends to fluctuate between 40% and 45% of the worldwide total. With our Q4 data finally in, we can also report on some of the annual figures, as shown in the graphics below.



Quarterly data by region shows EMEA was up for the period, although all regions are within normal ranges.



Strong short term and long term growth in both units and revenues.



The Wainhouse Research Videoconferencing Endpoints SpotCheck report is available as a separate for-fee service. Subscriptions are for a calendar year and include four quarterly reports with the Q4 report also adding an annual summary. To see a sample of a complete report (including an order form), [click here to download the pdf](#) or visit www.wainhouse.com/reports.

New Video Bridge from Polycom

Polycom has introduced the RMX 2000, a video bridge that the company is positioning as an IP media server. Based on the Advanced TCA (ACTA) hardware chassis and the Linux operating system, the RMX 2000 can handle from 20 to 80 ports of SIP or H.323 video bridging. The new architecture is dubbed IMS-ready and will support wireline and wireless service access. Key features include support for on-demand conferencing (ports are not reserved), pre-configured meeting rooms and entry queues, a conference lobby, 23 pre-defined layouts, 16-site continuous presence, and the ability to change layouts automatically to support new conference participants. RMX 2000 applies resources dynamically depending on video resolution, but unlike older technology bridges, the capacity is NOT dependent on call bandwidth and transcoding mode as well as HD/SD resolution. Hence, capacity planning is simplified for buyers. We believe the pricing table shown here is for ports with CIF transcoding or HD video switching. For continuous presence with more than CIF resolution, the number of ports would decrease. Any of the video ports can be configured for audio instead; a single video port will translate to five audio ports.



RMX 2000 port capacity	USA MSRP
20	\$53,000
30	\$79,500
40	\$106,000
60	\$159,000
60	\$212,000

Here's What Andrew and Ira Think: After an extensive beta testing period, the RMX 2000 has finally gone public. It seems that Polycom has addressed many of the weaknesses (perceived or real) of its MGC platform. Unlike the MGC product line, the RMX doesn't require the administrator to specify meeting settings in advance. You just start the meeting and connect the sites at any supported bandwidth and video resolution. In addition, RMX supports full transcoding at 4CIF resolution (the MGC topped off at CIF for full transcoding). Also noteworthy is the fact that RMX's user interface is web based instead of client / server based as is the case for the MGC. According to Polycom, the RMX's latency for both VAS and CP calls is 80 - 100 ms, which compares very well to the MGC's CP latency of 250+ ms (recently measured by WR). Bottom line: The latency improvement could offer users significant performance improvements, but overall the RMX is evolutionary not revolutionary, and is really just half a generation ahead of the MGC in our opinion. And for customers stuck in ISDN land or who need both IP and ISDN, the RMX may not be appropriate unless used in

combination with another bridge or gateway. In addition, at this point RMX does NOT support HD resolution in continuous presence calls. In this regard it is on-par, but not ahead of the MGC. Perhaps the most important part of this announcement is that the new platform is truly IP-centric, which avoids the headaches and burden of dealing with circuit-switched (BRI / PRI) interfaces and paves the way for advanced IP-only features in the future.

→ [WR Forum: Polycom's RMX 2000 Video bridge](#)

New Endpoint from Polycom

Polycom has introduced a new personal conferencing appliance. Extremely similar (identical really) in appearance to the VSX 3000, the Polycom V700 is a complete, all-in-one system featuring business-quality video conferencing, an integrated 17 inch display that can double as a PC monitor, integrated camera, microphones and speakers, and content sharing capabilities. The unit supports calls up to 768 kbps, Siren14 audio, and H.239 collaboration. The V700, with an MSRP of \$3K, is the second member of the company's V family, joining the V500 set top device which has an MSRP of \$2K. Executive systems, which make up less than 15% of the group video units and less than 10% of the revenues, according to the numbers collected in our own [SpotCheck](#) report, will compete with PC-based personal conferencing solutions as video becomes embedded into unified communications solutions. We believe both sides have their strong arguments and will co-exist, with the PC-based having the advantages of mobility and lower cost while the executive systems are free from the burden of the Windows operating system while leaving the user's PC itself free for useful work.



	V700	VSX 3000
Screen size	17 inch	17 inch
60 field interlaced video	Receive-only	Yes
Max IP call rate	768 kbps	2 Mbps
ISDN support	No	Optional 512 kbps
Embedded MCU	No	Optional
Aux audio input/output	No	Yes
Stereo speakers/microphones	Yes	Yes
Headphone jack	Yes	Yes
External video input	No	Yes

→ [WR Forum: Polycom's V700 Executive System](#)

Correction

A production error in our last WR Bulletin ([Vol 8 #5 8-Feb-07](#)) caused inaccuracies in Tandberg's Q4-2006 financial table (page 2). If you downloaded the issue before 9-February at 10am EST, which is when the error was corrected, please [download the revised pdf](#).

US Point Nine User Forum – New date, new location

→ *28 March, Washington DC* ←

Our first 2007 meeting of the North American end-user peer-networking group, The Point Nine User Forum, has been rescheduled for March 28th and will be kindly hosted by AOL at their Washington DC facility. The focus and title of the meeting remains **'Why do we need Telepresence when we have High Definition?'** but please make a note of the revised date and location. For further information on Point Nine including details of this meeting please visit www.wainhouse.com/point9 and if you are conferencing manager interested in attending this hard-hitting session, please contact Richard Norris: richard@wainhouse.com. Note: AOL was an early adopter of telepresence solutions and attendees will get a chance at their facility to experience the magic for themselves.

February's C4B Virtual Tradeshow & Web Seminar

Wednesday February 21st, 1pm to 4pm EST / 10am to 1pm PST

Leveraging Web Conferencing and Desktop Collaboration Tools

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News in Brief

- Collaboration Properties and its parent company Avistar announced that they have reached an agreement with Tandberg to settle pending patent litigation and to cross-license each others' patent portfolios. The settlement and cross-licensing agreement covers a broad range of video conferencing products, on a non-exclusive, worldwide, fully paid-up basis. As part of the settlement, Tandberg will make a one-time payment to CPI.
- Applied Global Technologies has been awarded a new four-year contract with the US Department of Justice for services associated with maintaining nearly 300 endpoints. AGT has provided services to the DOJ since 2002.
- Genesys Conferencing reported 2006 revenue of 141.6 million euros (141.9 million € in 2005) and Q4-06 total volume of 604.7 million minutes, up 21.4% from Q4-05. For the year, total volume was 2.3 billion minutes, up 15.8% compared to 2005. Genesys Meeting Center (GMC) minute growth for the year increased 23.3% to 572.0 million minutes. GMC revenue for the fourth quarter of 2006 was 28.1 million € and 111.5 million € for the full year 2006, accounting for nearly 80% of total 2006 revenue. GMC revenues were up 1.4% for the year. Overall, Q4-06 revenues of 35.2 million € compared to 35.5 million € in Q4-05. In U.S. dollars, 2006 revenue was \$177.8 million compared to \$176.6 million in 2005.
- Glowpoint has launched a high definition combined managed and on-demand multi-point conferencing service. The new service

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incorporates Glowpoint's current fully-managed, scheduled, "white-glove" offering and on-demand service that enables unassisted HD multi-point calling using a unique access code provided to each customer as part of the standard Glowpoint service package. *Our Comments:* This is a natural for Glowpoint, and quite frankly, a trend we would expect to see more of as interest in HD grows. For the past five years we've watched the debate between converged IP network strategies on one hand and IP overlay networks (like Glowpoint) for video on the other. Each has its advantages and advocates. With the obvious video enhancements and conferencing improvements that come with HD and with the increased bandwidth demands of HD, we would expect to see growing interest in the overlay strategy. Advantage Glowpoint.

- Picked up this tidbit while traveling down under: Foonz, a free conference service for consumers, and an example of how the application is evolving. On the Foonz web site, you set up your calling buddies and groups. When you start a conference (must be from a phone, not the web), Foonz sends SMS or IM messages containing dial-in numbers to the attendees. People calling from known cell phones get popped right into your conference. People from phones new to Foonz get an access code that they need to enter. When the call is over, you can leave a message for the people you invited who didn't make it. When they dial in, they'll get the voice mail. Social networking?
- Over a month after sealing the deal, Adobe announced its acquisition of XMPP-based enterprise IM company Antepo. Price of the deal was not released. It is expected that this acquisition is a technology play for Adobe and that the company is likely to embed Antepo elements into Adobe's editing and content creation environment as well as future VoIP services. Antepo's Open Presence Network and its integration capabilities could position Adobe as a viable competitor to Microsoft OCS and IBM Sametime. The situation with Cisco will be equally interesting to watch, since Cisco is an OEM customer of Macromedia Breeze, now dubbed Adobe Connect. Can't tell the players without a scorecard.
- Radvision has introduced its standards-based (3GPP and TISPAN) IP Multimedia Subsystem (IMS) DIAMETER Toolkit. This expands the company's IMS developer suite. The DIAMETER Toolkit works seamlessly with all RADVISION signaling protocol tools and enables the development of all IMS network entities. These include I-CSCF, S-CSCF, Application Servers, HSSs, Offline and Online charging functions. Welcome to the IMS world.

Berlin Collaboration Summit Begins to Take Shape



This year we return to the Steigenberger Hotel for our third annual European Collaboration Summit (23-25 April). In addition to our concentration on all things conferencing and collaboration, the 2007 program will feature:

- An investigation into **Unified Communications (UC)** and a special segment on integrating enterprise voice with Microsoft Office LCS. We will also look at how UC is changing the face of the collaboration services industry, including a no-holds-barred panel discussion.
- Several sessions on **mobile video** – its impact on the enterprise and on the service providers. We also feature presentations on unusual applications of mobile video – food for thought for all the vendors, service providers, and end users in the audience. Included in this section is also some critical thinking about Skype and its impact on our industry from several different directions as well as an interactive panel session.
- Current issues in videoconferencing, including **high definition, telepresence, telemedicine**, and the integration of video into a collaboration infrastructure. We are trying to put together a panel session of customers / prospects who are using or considering using telepresence suites.... Volunteers wanted.
- Eight different **workshops** are integrated into the three-day program, plus several hours of

exhibit hall demonstrations.

The Wainhouse Research Collaboration Summit is the premiere industry event for discussion, networking, and interactive presentations surrounding videoconferencing, unified communications, and conferencing services. Check out the unfolding details at wainhouse.com/berlin07. The [registration desk is open!](#) In addition to our nine gold sponsors shown here (Gold positions are sold out), the event is being supported by silver sponsors Codian, Sonic Foundry, HP, and Talk & Vision. Additional Silver sponsorships are available – contact Sara Fargo, sfargo@wainhouse.com.



People & Places

SMART Technologies, **Rob Abbott**, director, product management; **Mick Adkisson**, manager, education advocacy.

Streamlogics, **Garry Welch**, Chief Operating Officer (COO).

Images from Sydney Collaboration Summit 2007



Attendees at the Sydney event were treated to presentations covering a wide variety of conferencing and collaboration topics



The exhibits area included the latest in desktop collaboration and high definition video



Panel discussion on issues facing customers and providers, from left to right; inSORS, Cisco, Compunetix, VerizonBusiness, and BHP Billiton.



Sydney harbor boat cruise allowed ample opportunity for networking: Telstra and Wainhouse Research included



*Making plans for next year's event:
Wainhouse Research and ServicePoint.*



Relaxing near the harbor bridge.

Conferencing & Collaboration <u>Event Calendar</u>	
WHEN & WHERE	WHAT & WHO
February 21, On-line	C4B : Leveraging Web Conferencing and Desktop Collaboration Tools
March 5-8, Orlando, FL USA	VoiceCon Spring 2007
March 21, On-line	C4B : Reaching Your Audience Effectively with Streaming, Webcasting and Podcasting
April 23-24-25, Berlin, Germany	WR European Collaboration Summit – 2007
April 23-27, Jesi, Italy	IMTC SuperOp! 2007
June 5-6-7, San Francisco, CA USA	WR Collaboration Summit - 2007
October 29, Boston, MA USA	Wainhouse Research CSP Summit

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