



The Wainhouse Research Bulletin

NEWS AND VIEWS ON REAL-TIME UNIFIED COMMUNICATIONS

This was a huge week for news in the videoconferencing market. Another company prepares to disappear from our radar screen via the acquisition process.

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TANDBERG Announces Agreement to Acquire Codian

Tandberg announced an agreement to acquire Codian in a transaction valued at \$270M through a combination of stock and cash and incentives based on future performance. By offering Codian's current revenue run rate, Tandberg is clearly positioning this deal as not just buying a revenue stream, the highest performance MCU in the market, and a pool of technology, but also a crack infrastructure engineering team. Like the Polycom acquisition of Accord Networks in 2001, this deal takes an innovative, fast-growing, endpoint-agnostic MCU player out of the market while simultaneously shaking up the remaining players in the industry. The energy and ripples from this deal will radiate for a very long time. One thing is quite clear with this announcement: Tandberg is willing to invest heavily in the conferencing business, and is very serious about becoming the number one player.

Our Comments: The companies involved in this deal have product overlaps in three main areas; video bridges and gateways, video recording / streaming devices, and conferencing management systems. Any acquisition that generates a significant overlap in the product lines always leads to the customer-calming declaration that none of the existing products are being discontinued, and that the R&D efforts on both product lines will continue as planned. Indeed, Tandberg is making exactly that claim about its MPS line of multipoint video bridges. It is indeed possible (although unlikely) that Tandberg management believes this to be the case. They certainly want their customers to believe this is the case (and even the customers want to believe). But our experience leads us to think otherwise about product futures.

The Tandberg MPS line of video bridges has helped Tandberg realize a very strong market position in the video infrastructure industry. Our own assessment of the Tandberg MCU, however, is that it is lacking in performance (see our extensive [MCU evaluation report](#) for more information and look for our head-to-head comparison of HD endpoints to be published later this month), while the Codian bridge is an outright powerhouse, and perhaps the most capable video bridge available today. (Tandberg is not the first company to have a leading position in the market without having the best products. Think IBM, Microsoft, General Motors.) Codian has also introduced many new features to the video bridging world including universal encoding, continuous presence for high definition, support for 1080p video, and ClearView, an innovative feature that uses the processing power of the HD video bridge to improve the image quality provided by SD endpoints. So, while Tandberg will tout the MPS' support for IPv6, SIP, H.320 and V.35 networks (some or all of which could be added to the Codian bridge), we expect most end users to be more interested in the features the Codian product brings to the table. The future for the Tandberg MCU must undoubtedly lie with the Codian architecture.

Bottom line: We think this is a fantastic fit offering additional upside if Tandberg really gets

behind the Codian architecture. Picking up a few crack videoconferencing engineers doesn't hurt either, especially if the Codian guys are given the opportunity to influence the Tandberg endpoint designers.

As far as negative aftermath is concerned, there are a few issues. 1) Will the Codian product revenues drop as LifeSize, Aethra, and Sony resellers become wary of the possibility of a Tandberg channel partner becoming involved in any customer account – very minor concern. 2) Will Tandberg become too dominant, too arrogant, and too hard to deal with – maybe not such a minor concern.

Platinum subscribers: Check out our [five-page analysis](#) of this deal on www.wrplatinum.com to read about how we think the Codian acquisition will affect Lifesize, Radvision, Polycom, Cisco, the channel partners, Tandberg itself, and the videoconferencing community in general.

⇒ [WR Forums: TANDBERG to Acquire Codian](#)

Polycom Ups Ante with RMX 2000 V2.0

Polycom announced V2 software for its IP-centric, RMX 2000 real-time media conferencing platform for multi-point, high-definition video and voice and unified collaboration. Besides improved ease-of-use, V2 software introduces true high definition (HD) continuous presence conferencing with full transcoding on the existing RMX 2000 media processing module hardware, allowing customers to combine video conferencing endpoints with different resolutions (HD, standard definition or SD, and common intermediate format resolution or CIF) within the same call; showing multiple sites simultaneously (continuous presence); and providing optimal resolution and call quality based on the capabilities of each video system. Capacity of the RMX 2000 scales based on the resolution demands of each endpoint in a call (HD and non-HD endpoints) with SD endpoints using the equivalent of one port and HD endpoints using the equivalent of 4 ports.

RMX 2000 Version 2.0 enables integration with the Avaya Video Telephony Solution and IBM Lotus Sametime and Lotus Notes applications. V2 also adds support for 11 additional languages.

The new software, in conjunction with a new E1/T1 interface card, expands the system's voice conferencing capabilities with up to 400 PSTN or VoIP audio resources. The system features dynamic configuration of audio and video resources, allowing it to scale from 20 to 400 audio resources depending on the configuration of voice and video devices, as well as the video resolution selected.

The RMX 2000 is now available through certified Polycom channel partners with pricing for the modular systems starting at US\$53,000.

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New Exec System from Sony

Sony has introduced a new executive system, the PCS-TL33. This all in one system sports a 17 inch LCD display and enhanced software that features a kiosk mode. The photo of the system and all of the specifications look identical to those of the older TL30 and no-one at Sony answered our request for further clarification. The mystery continues! We do hope the camera has been improved.



News in Brief

- Netherlands-based Talk & Vision has opened an office in Chertsey, UK. The company recently opened offices in Belgium and Germany as well.
- Our buddies at Aperio Networks have launched the alpha version of EventSpan.com, an on-demand publishing, social networking, search and syndication platform for webcasts, webinars, and various online events. Check out www.eventspan.com.
- FreeConference announced the beta launch of SharePlus Desktop Sharing. SharePlus enhances the productivity of audio conference calls by letting users share any application or presentation from their desktops safely and securely with just one click. Free to all users while in beta, SharePlus is anticipated to be priced at the lowest cost/minute in the industry, but not free like the company's audio conferencing service.
- Microsoft has agreed to acquire Chicago-based Parlano, maker of MindAlign, a leading application for enterprise group chat. Microsoft expects to add Parlano's group chat functionality as a new feature of Office Communications Server and Microsoft Office Communicator.
- Just when you thought the hype couldn't get any more ridiculous, we now see news stories that Cisco expects to take its telepresence high-definition conferencing system from the boardroom to the living room within two or three years for about \$1000. The system will use one screen – the consumer's own large high-definition TV – and will run on a stand-alone device connected to a broadband Internet connection. But eventually the system could be integrated into a set-top box (Cisco acquired Scientific Atlanta a while ago) and run a service delivered by the cable or telecommunications provider. We agree with all this – HD videoconferencing will come to the home, and we think it is crucial that a service provider provide the service to make it easy for people to call friends and family. And we think it can be priced under \$1K. But let's be honest: this is videoconferencing, perhaps even GREAT videoconferencing, but it isn't telepresence.
- Google and Capgemini have formed a partnership around Google Apps. Capgemini is offering its desktop infrastructure and application support services to enterprise customers of Google Apps Premium Edition. Capgemini will also resell Google Apps. Capgemini's desktop services include delivery management, transitions management, integration, standard operating environment builds and patching, first and second line service desk, and self-help services. Maybe support for videoconferencing and desktop collaboration won't be far behind?
- Karlsruhe, Germany-based NetViewer has secured \$12.4M in new funding.

People & Places

Polycom, **Heidi Melin**, Sr. VP and Chief Marketing Officer (replacing Steve Huey)

LifeSize, **Ray Kenny**, UK & Ireland Channel Manager

Westell, **Timothy R. Pillow**, Chief Marketing and Strategy Officer

Teliris, **Mack Treece**, President

Conferencing & Collaboration Event Calendar	
WHEN & WHERE	WHAT & WHO
Sept 25-27, Hot Springs, AR (USA)	Arkansas Distance Learning Assoc. Annual Conf
October 14-17, Anaheim, CA	2007 PUG Annual Conference
October 29, Boston, MA USA	Wainhouse Research CSP Summit
October 29, Boston, MA USA	IMTC Forum at VON
8-10 April, 2008, Berlin, Germany	Wainhouse Research Collaboration Summit
July 16-18, 2008, Boston, MA	Wainhouse Research Collaboration Summit

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