

NEWS AND VIEWS ON REAL-TIME UNIFIED COMMUNICATIONS

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News in Brief

- Avistar Communications launched Avistar Hosted Video Services, a fully managed, turnkey, desktop video solution. The new enterprise-strength service provides video communications and data-sharing without the need for companies to install onsite video infrastructure. The service's bandwidth management and call routing capabilities help ensure that video traffic will not impact other applications. Avistar is allowing businesses to choose from a variety of network options - a private line that includes Avistar-provided, fully-managed customer premise equipment and supports optional encryption; a secure, encrypted VPN tunnel over a partner IP network, with an Avistar-provided, fully managed VPN gateway at the customer site; or a company's existing Internet connection, combined with an Avistar-provided, fully managed VPN gateway.
- News continues in the financial arena. This week it is Montreal-based Dialogic, with its focus on service providers, acquiring all of the outstanding shares of EAS Group. Subsidiaries of EAS include Cantata Technology, Excel Switching, Brooktrout Technology, and SnowShore Networks. The acquisition was a share-based transaction.
- Vidyo, the new name for Layered Media, has closed a \$12 million Series B funding led by Rho Ventures, and joined by existing investors Sevin Rosen Funds and Star Ventures. Vidyo will use the funds to build products and channels to deliver high definition videoconferencing solutions designed to be transmitted over the Internet. *Our Comments:* If scalable video coding truly lives up to its potential, Vidyo could be the next Google.
- Visual Nexus released V3.2-2 of its collaboration software with a new VNC application sharing module and improved support for both Microsoft Windows XP and Vista as well as Office 2007 applications (for secure operation Visual Nexus Collaboration does not support desktop sharing). VNC supports application sharing in both peer-to-peer and multi-party meetings; participants may have multiple applications shared at the same time. VNC replaces the previous T.120 application sharing module provided in earlier versions of Visual Nexus and introduces new levels of flexibility, scalability and usability. Users can now select from five different data and application sharing modes: (i) VN Data Sharing for sharing Microsoft Office documents and presentations, (ii) H.239 data sharing for interoperability with videoconferencing systems, (iii) in meeting video and image streaming, (iv) VNC application collaboration and (v) text and instant messaging.
- Wainhouse Research has conducted an in-depth evaluation of an innovative NAT-firewall traversal solution from Direct Packet. [Catch the in-depth report](#) for FREE on wrplatinum.com.
- While no formal announcement has been made, word leaking out from the Adobe MAX 2007 user conference is that the company is preparing two hosted services that will allow developers to add real-time collaboration capabilities, including VoIP, to Internet applications. Pacifica is a service that will allow developers to integrate voice, messaging and user presence information

into applications built using Adobe Flex, AIR (Adobe Integrated Runtime) or Flash technologies. Flex is Adobe's development environment for building rich Internet apps (RIAs), web-based applications that incorporate multimedia. AIR, which is currently available in beta-test form, allows developers to take those Web applications and move them to the desktop. CoCoMo will be the next-generation framework for the Adobe Connect Web conferencing service, which will enable developers to take certain parts of Connect's functionality and integrate them into other applications. Basically, the company is turning Connect into components for its Flex development environment. With Adobe's web technologies and hosted services, companies generally don't have to install new client or server software to collaborate – a differentiation from Microsoft and IBM.

- Long-silent-but-not-to-be-forgotten Glowpoint announced it will be providing an HD remote analyst solution for a major sports network in a two year contract worth \$0.5M. The customer will leverage Glowpoint's Remote-CamHD at six remote locations to cover international sports. The services include the deployment of Glowpoint's network and managed video services.
- Canada-based Talkdynamics has launched evoke, a VoIP conference calling application.
- EDU-focused Elluminate is offering any K-12 academic institution free, unlimited access to Elluminate Live! Lite Edition for one year. The product, which features full-duplex audio, shared whiteboard, public/private chat, math symbol library, graphing calculator, and advanced moderator tools, adds live interaction and collaboration to coursework.
- TeliaSonera is partnering with system integrator Cygate to offer a Cisco-based telepresence solution for customers in the Nordic and Baltic regions.

3Com Goes Private

Brent Kelly, bkelly@wainhouse.com

A quiet, behind-the-scenes phenomenon is occurring in the communications market. As enterprises converge their voice video and data networks, there is also convergence among the vendors that provide these products and services. In addition to Codian being acquired by TANDBERG, WebEx merging into the Cisco fold, and IBM buying WebDialogs, several private venture firms have gotten into the mix, moving communications companies out of the public space.

This week, 3Com announced that it was being acquired by private equity firm Bain Capital and Huawei for \$2 billion. Bain capital will own 80% of the company. Huawei is heavily funded by the Chinese government.

Avaya recently went private thanks to the efforts of two private equity firms, Silver Lake Partners and TPG. Avaya stockholders approved the deal, as reported in the last WRB. This is probably a good move for Avaya because the company has to make some difficult decisions regarding how to survive and thrive in the new world of software-based telephony and communications. Making these decisions as a private company will be difficult enough; making them as a public company may have been impossible. Behind the scenes, Avaya was actually working with a number of different potential acquisition partners; hence, the price to the stockholders at \$17.50 is a pretty good premium based on where Avaya stock was trading prior to the acquisition.

Several months ago, Mitel announced its intention to

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acquire Inter-Tel. Mitel is a privately held firm owned by Sir Terry Matthews. Mitel is attempting to gain enough market share and momentum to go public, but after strenuous efforts over a period of several years, the market has not recognized Mitel as a player with enough upside to make an IPO feasible. The acquisition of Inter-Tel may give Mitel enough clout to finally take the company public. The combined entity will have between \$800 - \$900 million in sales, making it one of the largest of the little guys.

In the present economic climate, one does not usually think of telecom stocks as having high upside. However, there are some who believe that the upside is tremendous. The venture capitalists who have taken these three companies private are savvy, successful, and look toward a future where they can spin these assets out either through a sell-off or through an IPO to generate significant return on their investment.

We know Siemens Communications is still looking for a merger partner while Sphere Communications was bought by NEC. We expect to see continued consolidation, particularly in the telephony market.

CSP Summit 80% Sold Out: 29 October in Boston



This year's CSP Summit features a line up of speakers who will address the need for CSPs to innovate in services and service delivery in achieving further growth.

To that end, Alfonso DiGabriele of Global Crossing will be joining us to discuss Global Crossing's transition to IP in the highly sensitive and quality conscious events business. In his talk Al will review the carrier's approach to replacing its heavily-used legacy TDM equipment with an IP-based platform that enabled Global Crossing to aggressively leverage IP's numerous advantages, including its unique ability to provide multi-site service deployment in its IP core network. Al will also review how a service that was first envisioned as a form/fit/function replacement evolved in terms of its usability, robustness, and scale.

WR encourages CSPs and their partners to join us for this session and 13 other speakers who are sure to expand your thinking and spark new ideas to grow your business.

This year's session has been scheduled just one day prior to the Fall VON Boston conference so conference attendees can conveniently attend both conferences. For full details, agenda, and registration see www.wainhouse.com/cspsummit.

Wainhouse Research CSP Summit 29-October-2007 - Boston, MA
<ul style="list-style-type: none"> ➤ Keynote: Driving Value through Innovation - The Face of the New CSP ➤ Benefits of SIP Conference Platforms for CSPs ➤ Deploying Custom & Out-of-the-Box Voice Applications at an Extremely Competitive Prices ➤ Achieving Differentiation & Client Loyalty through New CSP Services ➤ Partnership for Innovation ➤ What's up with Collaboration & Conferencing at Google, Yahoo, AOL & Skype? ➤ Dancing with Elephants - How CSPs Can Work with Avaya, Cisco, Mitel, Nortel, IBM, and Microsoft ➤ Rapid Service Creation for Converged TDM/IP or SIP-enabled VoIP networks ➤ Innovation through Unified Communications & Collaboration ➤ Making the Workgroup Collaborative ➤ Service Provider Case Study: Transitioning Events service from TDM to IP ➤ Alternatives to WebEx & MS Live Meeting - Can You Go Your Own Way? ➤ Is now the time to sell? - Determining the Best Way & Time to Sell Your CSP ➤ Networking Cocktail Reception

PLATINUM

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WR's on-line content subscription service that provides individualized in-depth information and analysis on conferencing and collaboration

Point Nine User Forums



Philadelphia PA, USA – Wednesday 7-November-2007

Basel, Switzerland – Wednesday 5-December-2007

Unified Communications (UC) – So much more than desktop video!

Understanding the options and formulating a UC strategy

The final Point Nine meetings of the year will be discussing all aspects of UC - the key players, the strategic alliances, their solutions and the key factors to take into account when considering a successful UC strategy. In addition to the UC managers of major multi-national organizations sharing their knowledge, Wainhouse Research's own leading UC specialist, Dr Brent Kelly, will be providing his thoughts and views on what is happening in the market.

The Point Nine User Forum is open to all conferencing and UC managers. For further details including the agenda and registration information, please visit www.wainhouse.com/point9.

This meeting is closed to the vendor community other than our P9 sponsors. We have a limited number of sponsorship places available. If you are interested in sponsorship, please contact Sara Fargo at sfargo@wainhouse.com for further information.

People & Places

Starting to sound like old home week in the conferencing industry. Looks like you CAN tell the players without a scorecard!

Aethra, **Mario Rimini**, VP North American Sales, **Eric Blomquist**, Sales Director Eastern Region, **Craig O'Brien**, Regional Vice President Western Region, **Chris Platt**, Sales Director Central Region, **Jason Bowers**, Managing Director APAC Region

SPL Integrated Solutions, **Kyle Nisenson**, Sr. VP Business Development for Managed Conferencing Services.

Vidyo (formerly Layered Media), **Rob Hughes**, Sr. VP of Worldwide Sales, **Eric Le Guiniee**, General Manager EMEA, **Marty Hollander**, Sr. VP Marketing, **Adi Regev**, Director of Products

Polycom, **Heidi Melin**, Chief Marketing Officer, **Robert Stead**, Marketing Director EMEA.

Wainhouse Research
COLLABORATION
S U M M I T
BERLIN 2008

CALL FOR PAPERS

Berlin, Germany: 8-9-10 April 2008

We are looking for presenters who have interesting perspectives on best practices and solutions in the areas of collaboration, conferencing, and rich media communications.

Example topics include:

- Audio-video-web conferencing and collaboration, including telepresence
- Unified Communications & IP telephony
- Emerging & new technologies or services
- Interesting and unique applications
- Enterprise social networks for collaboration

Each of these areas may be presented in the following format:

- Case study – problem>analysis>solution>result
- Technology overview>market drivers>review of solution(s)>benefit

Check out the [call for papers](#) (pdf) and the [official speaker submission form](#)

Conferencing & Collaboration Event Calendar	
WHEN & WHERE	WHAT & WHO
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
November 6-7, Philadelphia, PA	Point Nine User Forum hosted by Reed Smith
5 December, Basel, Switzerland	Point Nine User Forum hosted by Novartis
8-10 April, 2008, Berlin, Germany	Wainhouse Research Collaboration Summit
July 16-18, 2008, Boston, MA	Wainhouse Research Collaboration Summit

One on One with Aethra's Mario Rimini



We first met Mario in 2006 while wandering through the wilds of Eastern Europe. We had a chance back then to chat about some challenging issues in the videoconferencing world. Mario recently took a major role with Aethra Inc., settling in the company's Miami office. I had a chance to chat with him recently about Aethra and its US operations and his efforts to kick start a market presence in North America.

WRB: What is your role at Aethra Inc and how long have you been doing this?

MR: I joined Aethra Inc in early May 2007 as VP of Sales following a year as Director of Sales in Europe for Aethra Spa, which was the same position I held previously for another videoconferencing company and the position I held when we first met. My goal is to invest in our existing customers and partners to expand our presence in North America. That will enhance our revenue and continue to demonstrate our dedication to this market. In Asia, EMEA, and Latin America Aethra is gaining market share. We plan to grow aggressively in the US.

WRB: What are the key message points you would want people to know about Aethra?

MR: Four bullets: Aethra is Global, Profitable, Partner-Friendly, and Carrier-class technology. We also think we have stylish Italian design. Although to some extent Aethra Inc. can be considered a start up in the US market, we are actually proud to be the longest term player in the videoconferencing industry. Founded in 1972, Aethra celebrates its 35th anniversary of success this year. With revenues above \$100M in FY 2006, Aethra is a global player with scope much broader than just videoconferencing. We currently supply a full range of technology solutions to the most prominent carriers and ISP's in the world, including XDSL models and routers, VoIP CPE and network test instrumentation. As a natural by product, this elevates our company culture and mindset to "Carrier Class" standards, which we believe is a great differentiator from our videoconferencing competition. Although we also sell to the corporate market, we remain compliant to a more stringent, carrier class paradigm.

WRB: What are your sales strategies for North America?. Who are your channel partners and how will this likely play out?

MR: The strategy is simple - empower our partners to be successful with better margins, products, and support. We need to be aggressive in developing the type of marketing and sales programs which attract top tier partners such as Jenne Distributing and their network of dealers. We are striving for a sales model that is neat and clean.

On the one hand we participate in large federal government projects thanks to our partnership with traditional government integrators and contractors where we provide full solutions, client/server architectures, and best of breed end points and infrastructure. On the other hand, Aethra intends to be recognized as the company of choice in the SMB market. We believe our product line is the best to fit the needs of SMB thanks to its superior embedded MCU

technology. For example, our X3 is the only entry system in the market featuring a 1+3 MCU, X5 offers up to 9 ports with 10 different layouts and advanced video processing capabilities, X7 delivers HD 720p starting at 768kbps thus matching real world readiness for HD.

WRB: Polycom and Tandberg are well established in North America. How will you compete against them and why should a customer consider an Aethra videoconferencing system?

MR: First of all let's talk about why partners should consider working with Aethra. Partners working with Aethra will earn the benefit of a channel environment that is not now and will not be in the future over-distributed. This allows for better territory and opportunity protection, customer retention, higher margins and better support. We wish to create a friendly and protected club, a place where professionalism and commitment will be always rewarded with the right margin and attention.

Both customers and partners benefit from our product development, The Aethra feature set, quality, and performance which are very competitive at our price points. It should be noted that the perception of reliability is still an issue in this industry. Aethra consistently scores higher than the other manufacturers in this area, it is one of the main reasons we are consistently selected to support the US Army in challenging Tactical environments.



Last but not least I should mention the outstanding elegant design of our products conceived by some of the finest design houses in the world. We have carved our commitment to high level design in the company mission statement. This is an integral part of the Italian style. And also, our partner and customer events are held in Italy! That alone should be reason enough to come work with Aethra!

WRB: Aethra has been successful selling to the U.S. Government, which seems unusual for an Italian company. Can you explain it?

MR: Test reports from the US Army would explain that better than my words. It is a natural legacy of Aethra's superior, carrier class quality of products. When the US Govt. goes to choose the equipment to support the troops operating in the extreme environmental and tactical conditions of the Middle East deserts, they test all the solutions on the market and definitively select those who show the best resiliency to injected noise and the best performance in bandwidth as narrow as 64-128kbps. Hands down in many cases it's Aethra they choose. For example, competitive products drop the connection at 10-7 and 10-5 noise levels while Aethra's codec was still working at 10-3. This is an extreme technical example but it demonstrates how effectively Aethra can migrate existing technology from our carrier products into our videoconferencing products to the benefit of our customers. We think this is an important part of the Aethra DNA going forward, we understand networks and the need for network integrity, in all customer products whether in the middle of a desert or in your home office.

WRB: Your most recent product announcement was the X7 HD system. How important do you think HD will be for Aethra and for the overall market in Europe and in North America?

MR: Extremely important. HD is certainly the new frontier in our industry, it will grow steadily until it completely replaces SD. But remember, the whole videoconferencing market is bandwidth-driven, and while HD takes a share in the market, SD is still growing, meaning new markets are opening up for video applications and SD is their option for reasons of both cost and bandwidth. SD will be around for a long while and therefore companies should look at their video network design with an evolutionary approach, not rush to HD if the bandwidth is not there.

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