

NEWS AND VIEWS ON REAL-TIME UNIFIED COMMUNICATIONS

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News in Brief

- While inter-company telepresence connectivity was announced by Cisco and BT a few months ago, and by Cisco and AT&T two weeks ago, BT performed an interesting demonstration this week at the Cisco Expo 2008 in Berlin, Germany. With the assistance of our friend John Erik Horn, (who presented at our recent conference) the Senior Manager Technical Innovation at Media-Saturn who got to keep his job, BT and Cisco were able to demonstrate business-to-business services in front of about 4,000 attendees at the Estrel Hotel and also announce commercial availability of the service by September 2008.

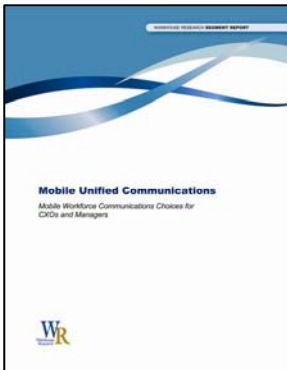


The photo shows two Media-Saturn IT Services employees at Ingolstadt, just outside Munich, communicating with (left-to-right) Michael Ganser, GM of Cisco Germany; Wolfgang Lux, CIO of Media-Saturn; and Cisco's peripatetic Marthin de Beer on stage. This call was between two Cisco CTMS 1000 systems registered to different call managers; a BT session border controller was used to traverse the different networks and firewalls.

Comments: There are some interesting forces at play here. In the telepresence world, HP and Teliris run their own overlay network for customers and are able to provide B2B connectivity for those that want it. Cisco, on the other hand, is not in the WAN business and is teaming with carriers to provide B2B services for customers using Cisco telepresence systems. While inter-company telepresence will help enterprises transform their business models, we are not sure how fast demand for these services will develop and the carriers are experienced at satisfying demand,

not creating it. But the market muscle of Cisco should not be underestimated; they already dominate the telepresence space. Meanwhile, we are not sure what all the hoopla is about in the first place. (See our notice about a May 27 video panel webcast below) With an industry standard telepresence system (read Polycom, Tandberg) making an inter-company telepresence call should be no more complicated than making an inter-company videoconference call. To parody a famous line, why is this videoconferencing system different from all other videoconferencing systems?

Anyone Going Mobile? New Mobile Unified Communications Report Available



Our newest report, **Mobile Unified Communications: Mobile Workforce Communications Choices for CXOs and Managers**, describes solutions aimed at integrating mobile devices within a larger unified communications strategy. The 214 page study reviews mobile UC offerings from 28 providers including PBX manufacturers, mobile operators, wireless networking companies, software vendors, and new companies offering enterprise mobility servers and carrier fixed-mobile convergence infrastructure. For each solution we describe the value proposition and show how it works. We outline how these solutions provide key capabilities including single number reach, a single voice mailbox, corporate directory access from mobile devices, transitioning between cellular and fixed line or Wi-Fi voice, and integration with the desktop and the enterprise PBX. The report includes a matrix comparing the solutions covered. For more details

including an executive summary, visit www.wainhouse.com/ucreports .

- Polycom announced new and enhanced solutions to improve the quality and simplicity of visual communications in a variety of settings. The Video Border Proxy 4350W and 200 EW (\$1299 MSRP) appliances combine NAT/Firewall traversal, wired and wireless routing, gatekeeper functionality, traffic shaping, and bandwidth allocation capabilities. The Polycom VBP 4350W appliance is designed for small office environments, offering 3 Mbps throughput for video calls. The VBP 200 EW appliance is designed for home office environments, offering 1 Mbps throughput for video calls. Common benefits of these solutions include higher quality video calls in small office and home office network environments, simplified use and NAT/Firewall traversal, multipurpose functionality, including wired and wireless routers, and compatibility with standards-based videoconferencing systems.
- Polycom also announced new software for its VSX and V-series group and desktop video conferencing endpoints that delivers Lost Packet Recovery technology that minimizes the impact of common network congestion and packet loss. V9 software also includes in-band SIP signaling, Vista support for softupdate, and an AES encryption icon.
- Netviewer introduced Netviewer Single Event Edition, a new service that supports the ability to deliver PC-based presentations with live audio and video to audiences of up to one thousand participants. The service eliminates the need to purchase conferencing infrastructure for occasional large-scale briefings. Instead customers notify Netviewer of the date and time for their meetings and are provided with a small program run by the presenter to start the meeting.
- The American Electronics Association [released a report](#) as part of Earth Day that makes a strong case for telecommuting. The study found that if all employees in the U.S. whose positions allowed it worked from home two days a week, the demand for gasoline would drop by 1.35 billion gallons! We've long thought that travel reduction wasn't just about airplanes, but about commuting as well, and that conferencing and collaboration could play a major role here. We're close to signing up a telecommuting expert for our [Boston Summit](#) in Boston in July.
- Dialogic announced that OnMobile Global Limited, an India-based Value Added Service provider, will become a customer for both the Dialogic MSP 1010 Multi-Services Platform and the Dialogic IMG Integrated Media Gateway Platform.

WR Analyst Webinars on Distance Learning and Web Events

Hear two WR analysts in two distinct, free May webinars.

- Alan Greenberg will talk about Starting a Distance Learning / e-Learning Program: A Primer. This event will cover how organizations can best introduce new or complementary technologies like web conferencing, instant messaging, videoconferencing, learning management systems, and interactive whiteboards into their teaching and training mix. Sponsored by WR, Citrix, and the Center for Interactive Learning and Collaboration, this event is Thursday, May 8, 3-4 PM EDT. [Register here.](#)
- Greenberg will join WR colleague Andy Nilssen and American Marketing Association CMO Nancy Kostopolis for the WebEx~MarketingSherpa Marketing eSummit on Wednesday, May 14, 11-5 EDT. The joint talk featuring WR and the AMA, Finding and Keeping Your Customer, will take place 1-2 PM EDT. In this session Nilssen and Greenberg will report on results from a recent survey on the impact of online events on sales and marketing and discuss marketing “best practices” with the AMA. Register at www.wainhouse.com/webex08.

Is Telepresence Just a Myth ? You won't want to miss this video webcast on May 27



We've decided to try to put an end to all the rants and raves about telepresence and videoconferencing. Is there a difference, does anybody care, and is your job in jeopardy? And can our friends at Polycom and Tandberg survive the Cisco onslaught? So.... We're putting together a panel of expert videoconferencing end users for a no-holds-barred discussion on these issues and the future of the visual communications. This one hour session will take place through the magic of multipoint videoconferencing and be STREAMED LIVE to the Internet and available for anyone to attend. The magic wand is being provided by Glowpoint. We've already lined up a cantankerous video manager from one pharmaceutical company and a surly video enthusiast from a large financial services institute; we are looking for a few more panelists with real telepresence experience (is there anybody out there?) and some insightful opinions. This powered-by-Glowpoint session will take place at 11:00 EDT on May 27. The panel will be moderated by the honorable gentleman Jason Ader of Thomas Weisel Partners and the evil-natured Andrew Davis of Wainhouse Research. More details, including how to register for this freebie, coming in next issue.

Boston Collaboration Summit Update

Driving Processes and Innovation with Collaboration Solutions



Our 8th annual Collaboration Summit moves back to Boston this year, in a new venue on the Charles River in Cambridge, MA at the Sonesta Hotel, 3 minutes away from downtown. This year's event includes our Technology Showcase format on July 16, and a two-day conference on July 17-18 that will feature several leading edge workshops and a variety of interactive sessions on the benefits of collaboration technologies. We have several speakers lined up to cover how 1) unified communications and video tools can change teaching, 2) next-generation videoconferencing might be deployed by the Federal Reserve Bank, 3) new solutions are enabling totally new applications and ways of doing business, and more. Details and registration at www.wainhouse.com/boston08.

Some of the thought-provoking presentations currently on the agenda:





Andrew Lippman

Jess Jamison



Alan Greenberg

Doyle Friskney

Surviving in a Digital Life World (or in other words, how to avoid digital death) is the title of our keynote presentation from Dr. Andrew Lippman, the associate director of MIT's famous Media Laboratory. *Telepresence and Telepsychiatry: When the very best is finally good enough* is the presentation by Jess Jamison, Ph.D, who until recently was president and CEO of Compass Health in Everett, Washington where he was involved in a variety of telemedicine programs. *Mashup or Crashup? The Intersection of Video, Audio, and Data with VLE's, LMS's, Whiteboards, Lecture Capture, Mobile Devices, and Life in General* by our own Alan Greenberg will provide an overview of the opportunities created when teaching and collaboration meld.

We are very happy to have Doyle Friskney, Chief Technology Officer for the University of Kentucky speaking on *Chaos, Clouds, and University Computing: Why Both OCS and Sametime Make Sense for Collaboration and Data*.

A limited number of sponsorship and technology showcase opportunities remain - contact Sara Fargo, sfargo@wainhouse.com.



Dollars & Sense

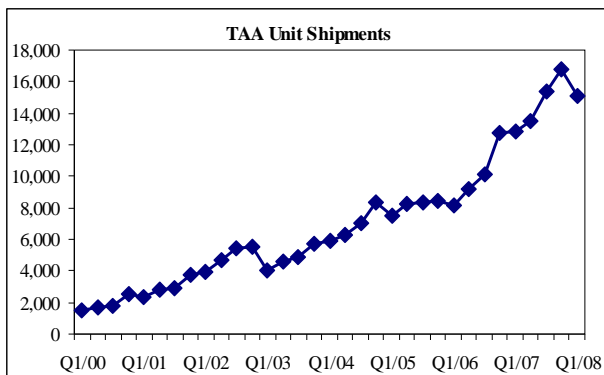
Tandberg Q1-2008

Tandberg turned in another amazing quarter, with an overall annual growth rate of 39% (including the Codian revenues), very impressive, but down from what many people had expected. Note that video revenues were up a much larger percent than were video units, hence average selling prices for video were up – due no doubt to telepresence and HD systems sales. Tandberg reported 1,969 video units sold to an OEM that were included in the overall shipment numbers. Infrastructure sales were up considerably on an annual basis, due in large part perhaps to the Codian acquisition; sequentially Tandberg's infrastructure sales were down (as was the case for Polycom, where the percent drop was twice as large). Q1 revenue declines are normal given the seasonality of the industry

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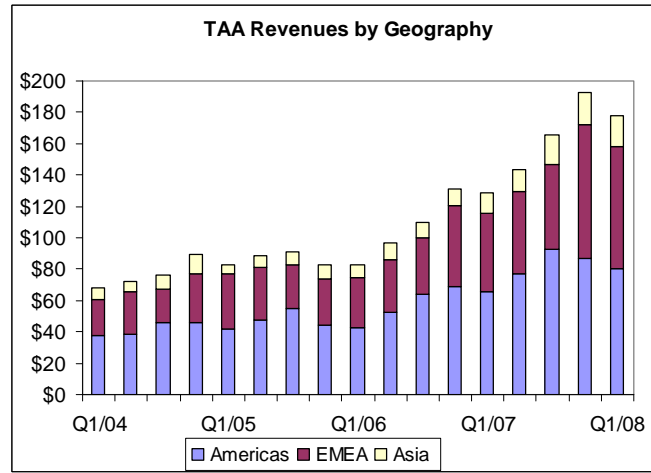
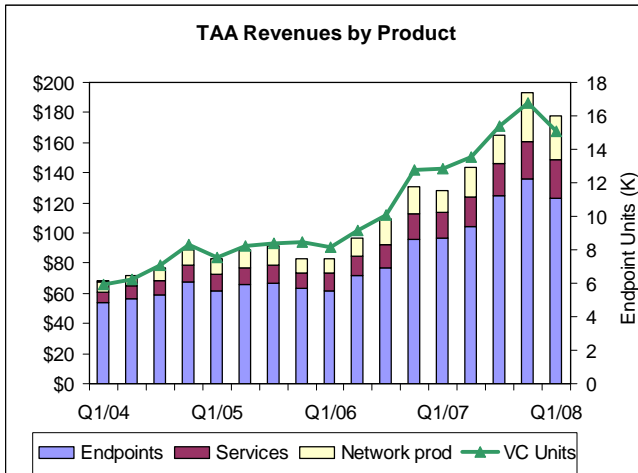
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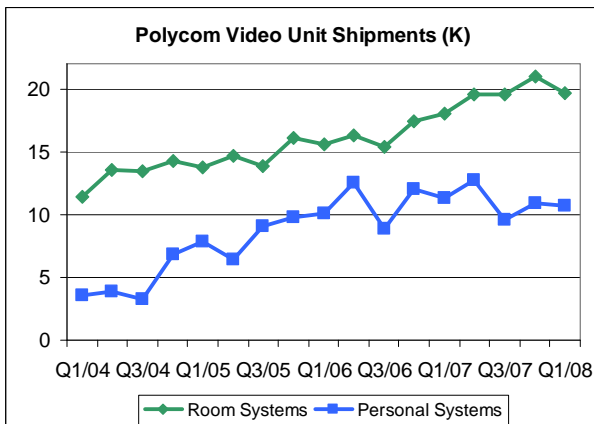
TAA	Q1 07	Q4 07	Q1 08	Sequential Growth	Annual Growth
Americas	\$65.9	\$86.7	\$80.4	-7.3%	22.0%
EMEA	\$49.8	\$85.5	\$77.7	-9.1%	56.0%
Asia	\$12.7	\$20.7	\$20.0	-3.4%	57.5%
Total Rev	\$128.4	\$192.9	\$178.1	-7.7%	38.7%
Endpoints	\$96.6	\$135.6	\$123.5	-8.9%	27.8%
Services	\$16.7	\$25.3	\$25.5	0.8%	52.7%
Infrastructure	\$15.1	\$32.0	\$29.1	-9.1%	92.7%
Op Inc	\$29.2	\$44.9	\$37.4	-16.7%	28.1%
Endpoint Units	12,866	16,787	15,077	-10.2%	17.2%

EMEA continues to be the growth engine for the video market (up 56% y/y for TAA; up 44% for PLCM), with TAA noting strong performance in Spain, Benelux, and the Nordic region.



Polycom Q1-2008

Polycom turned in mixed results, with video showing excellent growth spurred by 20% sequential growth in high definition systems and >50% growth in telepresence and with voice growing 77% based on 11% internal growth plus the addition of Spectralink. EMEA also turned in very strong results. For North America, Polycom mentioned that sales cycles were lengthening with the overall macroeconomic environment hitting lots of customers.

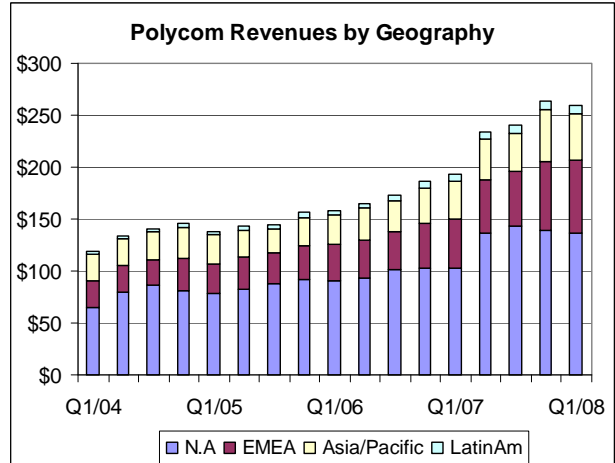
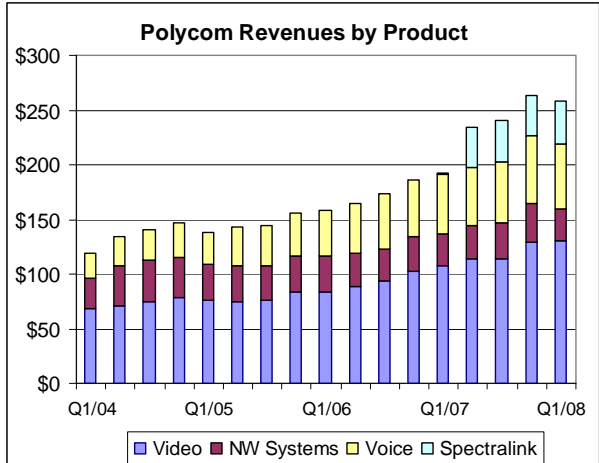


PLCM	Q1-07	Q4-07	Q1-08	Sequential Growth	Annual Growth
Video	\$108.0	\$129.2	\$130.3	0.9%	20.6%
Network Systems	\$28.6	\$35.7	\$29.2	-18.2%	2.1%
Voice+Spectra	\$56.1	\$98.4	\$99.3	0.9%	77.0%
Total Rev	\$192.7	\$263.3	\$258.8	-1.7%	34.3%
Group Units	18,045	21,010	19,618	-6.6%	8.7%
Op Inc.	\$10.2	\$26.6	\$15.0	-43.7%	46.0%
North America	\$102.7	\$139.5	\$136.7	-2.0%	33.1%
EMEA	\$47.6	\$65.7	\$69.4	5.6%	45.8%
Asia/Pacific	\$36.0	\$49.6	\$45.2	-8.9%	25.6%
Latin America	\$6.4	\$8.5	\$7.6	-10.6%	18.8%

Note: About 15% of Polycom's total revenues are in services and are distributed within the voice, video, and network systems numbers reported above. Since Tandberg does not include services in their reported video or infrastructure revenue numbers, this makes the comparison between the numbers in the above tables NOT an apples-to-apples comparison. These differences ARE accounted for in our [SpotCheck report](#) (which IS an apples-to-apples comparison).

Does your organization encourage Telework or Telecommuting?

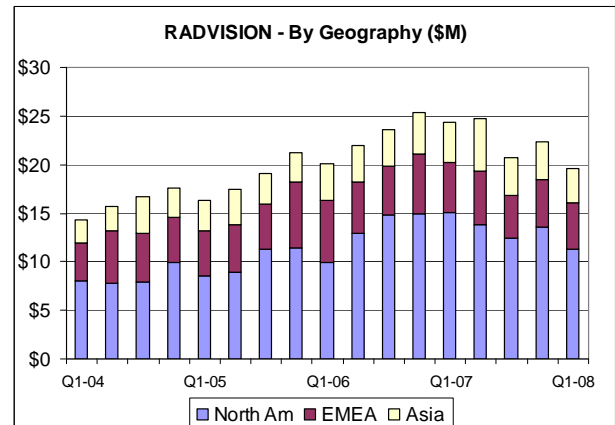
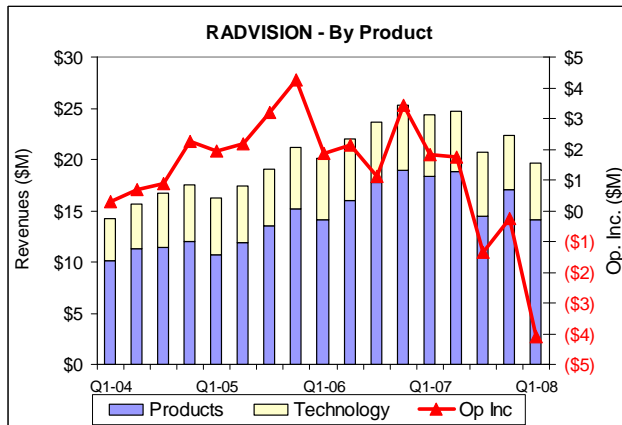
WR would like to interview *Facilities* or *Human Resources (HR)* executives who advocate Telework or Telecommuting in their organizations. Please help us find them!
We can offer them a \$50 Amazon certificate in appreciation for the interview.
Contact Kristen, kpriest@wainhouse.com



RADVISION Q1-2008

Radvision turned in a down first quarter despite three major announcements with Cisco: Scopia 5.5 with Cisco enhancements; Scopia Desktop partnership; and a video-enabled call center solution platform. North American sales were the major weakness for Radvision, and declining sales to Cisco during the quarter were a contributor to the North American problem. Besides these three named Cisco projects, Radvision also discussed a fourth project related to H.323 interoperability for Cisco's telepresence product line, something Cisco has already announced but is not yet shipping. And in addition, CEO Boaz Raviv revealed that the company is working on a fifth project, now delayed, with Cisco that has something to do with audio and video!

RVSN	Q1-07	Q4-07	Q1-08	Sequential Growth	Annual Growth
Products	\$18.3	\$17.1	\$14.1	-17.5%	-23.0%
Technology	\$6.0	\$5.2	\$5.5	5.8%	-8.3%
Total Sales	\$24.3	\$22.3	\$19.6	-12.1%	-19.3%
NA	\$15.1	\$13.6	\$11.3	-16.8%	-25.1%
EMEA	\$5.2	\$4.9	\$4.8	-2.5%	-7.5%
Asia	\$4.1	\$3.9	\$3.5	-8.1%	-13.1%
Op Inc.	\$1.84	(\$0.24)	(\$4.11)	NA	NA
3G sales	\$1.8	\$1.6	\$1.0	-37.5%	-44.4%
CTM sales	\$1.1	\$0.8	\$0.8	-2.5%	-29.1%



The company had a huge operating loss during the quarter, fueled in part (\$800K) by a currency exchange problem stemming from the weakness of the US dollar. Nevertheless, Radvision was cash flow positive and ended the quarter with more than \$127 million in the bank, approximately equivalent to \$6 per share. Radvision reported strong sequential growth numbers through its two OEM partners, LifeSize and Aethra.

The Big Three

		Q1-07	Q4-07	Q1-08	Sequential Growth	Annual Growth
PLCM	Room Video Units	18,045	21,010	19,618	-6.6%	8.7%
TAA	Room Video Units (3)	12,866	16,787	15,077	-10.2%	17.2%
PLCM	Video endpoint revenue (\$M) (4)	\$108.0	\$129.2	\$130.3	0.9%	20.6%
TAA	Video endpoint revenue (\$M) (3)	\$96.6	\$135.6	\$123.5	-8.9%	27.8%
PLCM	Infrastructure revenue (\$M)	\$28.6	\$35.7	\$29.2	-18.2%	2.1%
TAA	Infrastructure revenue (\$M)	\$15.1	\$32.0 (1)	\$29.1 (1)	-9.1%	92.7%
RVSN	Infrastructure revenue (\$M)	\$18.3	\$17.1	\$14.1	-17.5%	-23.0%
PLCM	Total revenue (\$M)	\$192.7	\$263.3 (2)	\$258.8 (2)	-1.7%	34.3%
TAA	Total revenue (\$M) (3)	\$128.4	\$192.9 (1)	\$178.1 (1)	-7.7%	38.7%
RVSN	Total revenue (\$M) (4)	\$24.3	\$22.3	\$19.6	-12.1%	-19.3%

- (1) Includes results from Codian Acquisition
- (2) Includes results from SpectraLink acquisition
- (3) Includes OEM units sold in North America
- (4) Includes a service component

Year Over Year Growth Rate for Total Revenues* as Reported						
	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08
Polycom	19.5%	22.2%	41.8%	38.6%	41.2%	34.3%
Tandberg	57.8%	55.4%	49.0%	50.8%	47.5%	38.6%
Radvision	19.5%	20.7%	12.3%	-12.3%	-11.9%	-19.3%

*includes results from all acquisitions

Avistar Q1-2008

Avistar reported revenue for Q1-08 of \$1.2 million, compared to \$1.9 million for Q4-07.

ClearOne Fiscal Q2-2008 (Q1-08)

Revenue decreased slightly to \$9.2 million from \$9.4 million in the same quarter of last year. Revenue dropped due to lower sales of professional and premium audio products partially offset by increased sales of tabletop and personal conferencing products.

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