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Providea Acquires Videre Conferencing

Camarillo, California-based Providea announced the acquisition of Quincy-based Videre Conferencing, a move that doubles the size and resources of the combined videoconferencing channel partner company which will operate under the name of Providea Conferencing, LLC. The two companies are similar in their approach to extremely high customer satisfaction, but very different in their geographic strengths, so the acquisition is likely to lead to highly synergistic benefits to both the companies and their customers. President of the new firm will be Todd Luttinger, while CEO remains Tom Bailey and the staff includes such well-known videoconferencing old-timers as John and Jill Price, Bill Benoit, Mary Cincotta, John Swoyer, Steve Cogliano, Bernie McCool, Nicole Reynolds, JR Reidenbach. Providea recently announced that private equity firm WestView Capital Partners had completed a recapitalization and growth equity investment in Providea. WestView's continued financial involvement will help Providea Conferencing expand its market position through organic initiatives and additional acquisitions. One of the initiatives WR expects to see strengthened is the new firm's videoconferencing managed services portfolio.

Here's What I Think: This is a sign of things to come – consolidation. The conferencing industry is going to need channel partners with the financial and technical strength to handle increasingly complex UC and videoconferencing deployments while maintaining the customer intimacy that fosters growth. This deal, unlike many in the industry that are sure to follow, looks to be a merger combining strength and strength.

News in Brief

- Without fanfare, Tandberg has quietly announced the IP Gateway 3500 Series version 2.0 software. This device has three main functions: menu-based automated attendant, live video operator, and media and protocol conversion. New in V2 is integration with TMS – IP gateway menus are sourced directly from selected TMS address books (requires TMS v12); firewall



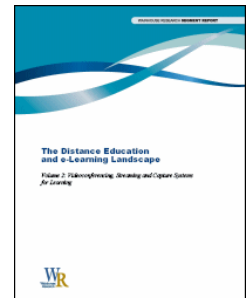
traversal now supports H460, although Tandberg's VCS expressway is required; and multiple gateways can be deployed in larger environments. With the live operator function, outside callers are greeted by an operator who can hold, screen, and connect calls as needed. The conversion features transcoded calls between a wide range of systems, very important when connecting internal video systems to calls from the public. When V1 was announced in Q1-07 (by Codian), I referred to these types of products as "solutions in search of a problem." I was wrong. The IP Gateway brings many capabilities taken for granted in the voice world to the video domain. For video call centers and for any enterprise wishing to connect its internal video

systems to the external world, such capabilities are critical. (Think about video software clients, videophones, and exec systems rather than room systems.) Tandberg's IP Gateway comes in three sizes handling 10, 20, and 40 total calls for a list price of \$15.5K, \$26.2K, and \$47.2K respectively. Half of the total calls can be transcoded.

- Forterra Systems announced OLIVE (on-line interactive virtual environment) version 2.2, a software release that includes integration with IBM Lotus Sametime. Forterra claims that its customers report that OLIVE delivers a better user experience and is more engaging and less expensive than either audio or web conferencing. OLIVE includes VoIP along with media-sharing features. We suspect, based on feedback from IBM, that virtual worlds, with 3-D graphical interfaces, should be on your long term planning horizon.
- Word on the street is that Tandberg's 1080p-capable C90 codec and T1 video system which is based on the C90 engine are indeed shipping. The C90 codec now supports a 1080p embedded MCU, something that was not part of the original announcement.
- SMART Technologies announced the 3rd generation SMART Board 600i interactive whiteboard system. The new product line offers both 16:10 and 4:3 aspect ratios. Each model in the improved 600i line combines a SMART Board 600 series interactive whiteboard and one of two new boom-mounted, short-throw, improved image quality projectors.
- Avistar and CityIS have deepened their strategic partnership in Europe and have expanded into Asia. CityIS becomes Avistar's first global platinum level partner, which includes exclusive distribution of Avistar C3 solutions in Singapore, and will market the product set more broadly throughout Asia. CityIS has committed to distributing a multiple of several thousand Avistar C3 desktop conferencing seats.
- WR has just released the [2008 Emerging CSP Markets Analysis & Forecast](#). The study details nine local emerging markets in Latin America, Eastern & Central Europe, and Southeast Asia. This market intelligence report provides insight to CSPs on the opportunity, risks, and competitive environment. Information for each of the markets includes local market sizing and addressable market opportunity and a provider review & analysis as well as descriptions of the local market environment including political, economic, telecom regulation, and teledensity. Additional information on this study and others by Wainhouse Research is available at www.wainhouse.com/csp. For more information please contact Client Services Manager Sara Fargo at sfargo@wainhouse.com or +1 781 934 6165.
- Videoconferencing specialist Talk & Vision has moved the UK office from Chertsey to the financial district of London.
- Citrix Systems acquired NJ-based Vapps, maker of audio bridges for telephones, VoIP, and Skype. The price was an incredible \$26.6M. The deal also has a potential earn out of \$4.4 million for the seller if certain financial and operational goals are met.
- Germany-based BeamYourScreen announced an enhanced version of its free online meeting solution. Mikogo now offers new conferencing capabilities such as a meeting scheduler and a voice conferencing service, as well as an easier-to-use platform for collaboration over the web.

New Distance Education and e-Learning Report from WR

WR has released volume 2 of the Distance Education and e-Learning Landscape series: *Videoconferencing, Streaming and Capture Systems for Learning*. This 96-page report explores the impact of videoconferencing and on-demand streaming and lecture capture solutions on educational and training environments, describing capabilities, applications, benefits, market size, and major players. It contains profiles of 11 key vendors and concludes with five-year forecasts of three segments (higher education, K-12, corporate training), as well as a set of predictions for vendors and users. Details are available at www.wainhouse.com/reports.

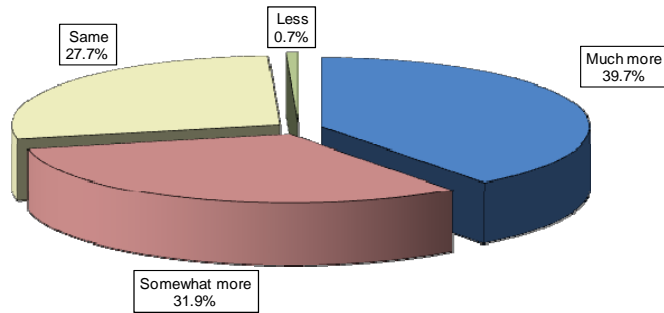


Survey of Hosted Collaboration Services Reveals Huge Growth

WR recently surveyed end users of hosted collaboration and conferencing services and published the results and analysis in our 2008 *Rich Media Metrics Report Three: Usage Trends of Conferencing Services*. Key findings from this study indicate greater use year over year – whereby 72% of respondents claim to be using more services than in prior years, a high frequency of use – whereby over 1/3 of respondents participate regularly in over 20 conference calls per month, and an enormous opportunity to increase usage exists – as 67% of those surveyed claimed they would increase their usage based on specific changes outlined in this study. For further information or to obtain the survey, please see www.wainhouse.com/reports or contact Client Services Manager, Sara Fargo at sfargo@wainhouse.com.

Has your use of conferencing services changed in the last year?

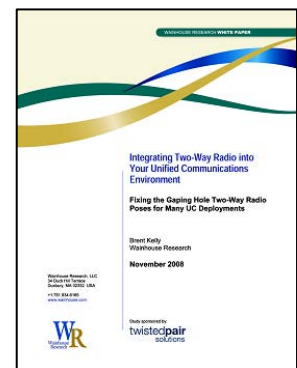
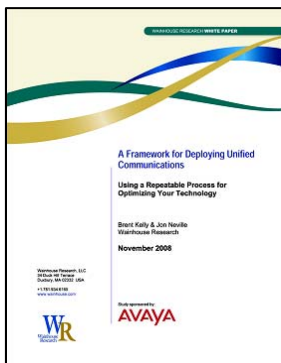
- Yes, I am using conferencing services much more than in prior years
- Yes, I am using conferencing services somewhat more than in prior years
- No, my use is about the same as in prior years
- Yes, my use is less



Survey participants chosen at random to win our \$50 Amazon gift certificates are: Eric S, McKesson; Russell D, MetalForming Inc; George H, Mitre; John F, CME (Australia); and Howard L, Univ of CA.

New (free) White Papers from WR

Two-way radio is often forgotten when planning a unified communications deployment, yet it is extensively used for mission critical communication such as command and control, emergency response, dispatch, field service, and security. Military units, police, transportation companies, airlines, and many others depend on their radios for day-to-day operations. This whitepaper discusses why the voice capability two-way radio provides is a key component that must be considered within an organization's overall unified communications fabric, and it describes a product for doing so, WAVE from Twisted Pair Solutions.



Unified communications has been the subject of thousands of press articles, and it is constantly being promoted by vendors and analysts as the next great communications breakthrough that every company must adopt right now in order to remain competitive. This white paper describes a four step framework for moving unified communications from an ad hoc, deployment scenario, which has resulted in many siloed implementations, to a managed process, tying the technology to an organization's people, processes, and business objectives.

Visit www.wainhouse.com/whitepapers to download your free copies.

A relatively new entrant to the marketplace, telepresence platform solutions combine elements of turnkey and custom solutions by leveraging a pre-configured and field-proven system (including the telepresence operating system and user interface) and allowing the system integrator and end-user to define the other elements in the system to meet special requirements and budgetary restrictions. The result is a compelling combination of low risk, high reliability, design flexibility, and cost-effectiveness. This white paper, sponsored by LifeSize, provides insight into the options for deploying telepresence and the advantages of telepresence platform solutions.

Visit www.wainhouse.com/whitepapers to download your free copy.



People & Places

CityIS, **Michael See**, Business Development Director, **Richard Navarro**, VP Sales

Telcobridges, **Danny Paul Blouin**, VP Marketing

FacetoFace Live, **Edward Sharib**, **Peter Bedrosian**, Regional Sales Directors

Agito Networks, **Amit Chawla**, President and CEO

Encover, **Michael Keough**, CEO

Creative Labs, **Michael Baker**, Sales

HaiVision, **Andy Vaughan**, Director of Federal Sales

Leading The Way, **Michael Tilley**, CMO

WR Collaboration Futures Summit – Berlin 2009

Our annual April event at the Steigenberger Hotel in Berlin will feature an all-new format. After a half day mini-conference focused on the CSP industry, the Collaboration Futures Summit agenda will explore the major technologies and applications that are driving the future of the industry. The two-day program will cover the future of audio, video, and web applications and the social and environmental factors forcing changes at work, as well as the networking and computer technologies fundamental to enterprise unified communications. Put this event on your calendar now. Wainhouse Research summits are unique experiences for attendees to learn from and interact with industry experts, technology leaders, WR analysts, and fellow conferencing and collaboration and IT managers. If you would like to sponsor and speak on one of the megatrends, please contact sfargo@wainhouse.com.

WAINHOUSE RESEARCH

COLLABORATION FUTURES SUMMIT09

21 April 2009: CSP Summit (1/2 day)

22-23 April 2009: Collaboration Futures Summit

Meanwhile, we are proud to announce we have signed up our first featured speaker. Although employed by Cisco, Roy Skillicorn will be speaking as an end user, and explaining what it is like to deploy and manage a large scale telepresence network (Cisco currently claims over 280 systems deployed inside the company).

Presentation: Video applications explosion & the impact on the IP network

What are the global economic and social trends driving today's explosion in video applications? How will networks need to deal with them? What are the new emerging business opportunities for the re-architecture of networks creating growth for both service providers and advance technology partners? This presentation will cover how these applications are impacting network

requirements for performance, quality of service and design. Key case studies of large TelePresence deployments will be highlighted.

Mr. Roy Skillicorn is currently the Senior Director responsible globally for enterprise video within the Worldwide Technology Practices Organization at Cisco. The Practices organization is responsible for the definition and execution of global services strategies for advanced and emerging technologies. In his current role, Mr. Skillicorn is responsible for the services strategy and the delivery and sales readiness for the global Services Organization in support of Enterprise Video and TelePresence.



One on One with Adam Taylor, EVP Worldwide Sales and Service, LifeSize Communications



WRB: It's been a long haul. How is LS doing these days?

AT: We're doing very well. LifeSize is growing at an incredible rate, and we expect that to continue into 2009. Our success is attributable to three factors: 1) In the current economic climate, companies are viewing HD video communications as a critical lever due to the immediate ROI impact. We're finding that they've re-prioritized hi-def video communications near the top of their IT expenditure lists. 2) Our value proposition is easy to understand and ideally suited to what companies are looking for in this environment. 3) We've built a company that's made up of the most talented professionals in business and many of us have grown world-class companies at a very fast rate. We understand that the human resources are as important as the products and strategy. And "shameless plug"... we're hiring!

WRB: How has LS Express impacted your business; has the low price been compensated for by increased unit volumes?

AT: We are happy with the performance of all our products in every region, and our growth definitely reflects that. Express is a big part of that. Product line elasticity has proven out with LifeSize Express, exceeding both our unit and revenue expectations. It's clear we've tapped into a large, underserved market opportunity. Flexibility is one of the cornerstones of our value prop. We believe every knowledge worker in business today should have access to video communications and Express is a product that can deliver on that vision. We think everyone should have one!

WRB: Do you think anyone will buy SD video gear after 2008

AT: Actually, I'm not sure why customers are buying low res video today. Even in the most price-sensitive markets, the quality of the experience is so much greater with HD and the high satisfaction and realism of the HD experience is addictive. From my office, I have dozens of face-to-face meetings with co-workers, customers and resellers every day... in countries around the world. In fact, I have more LifeSize meetings today than I do phone calls. With HD from LifeSize starting at sub \$5k, why subject your employees to SD? More importantly, why would a company invest in something they will want to replace immediately after the installation?

WRB: Our data indicates that most people with HD-capable equipment are not actually making HD video calls. Is this consistent with your observations... and if so, how would you explain it?

AT: Generally, this is not the case with our customers. Our customers purchase LifeSize products with the intention communicating in HD, and they do. We believe that much of the market still believes that HD requires high amounts of bandwidth. They are confused as to why HD video/telepresence calls should require 2, 4, 6 Mbps, as most companies just don't have that luxury. We understand that and work hard to educate our customers about potential performance at all bitrates. And now with our newest system, LifeSize Room 200, companies can experience

HD as low as 768k. In today's economic climate, IT spending is being re-prioritized and bandwidth upgrades are being put on hold, so bandwidth efficiency is becoming more important.

Interactive HD video at 768k is only part of the picture though. Transcoding in our embedded bridge gives users the ability to participate at lower resolutions without degrading the experience of the other participants. This provides increased flexibility for bandwidth management. In addition, dual stream HD at approximately 1.5mb is equally impactful and a strong selling point for us.

WRB: What impact will 1080p have on the industry and on LS?

AT: We believe 1080p30 has great potential, and is well suited for larger displays and where sharper image quality is important. We are hearing a lot of interest from customers to see 1080p and feel 1080 is a critical new addition to HD video communications. We are also seeing great interest in 720p60. We believe a range of capabilities should be available to the mainstream, and the obstacles for mainstream adoption of 1080p30 and 720p60 are cost, bandwidth and infrastructure requirements. That was the focus of our LifeSize 200 development. We offer customers all three options at very manageable bitrates and prices.

WRB: What changes have there been in LS channel partner strategy?

AT: Our channel strategy has remained consistent over the past year and a half. We have created a superior margin model that enables our channels to be successful while delivering great value to their customers. At its base, we've partnered with an exceptional group of quality AV resellers who have deep experience in video conferencing technology. Above that, we've contracted with world class IT resellers and distributors like Tech Data, who bring our technology to a wide range of IT professionals and data networking /VOIP VARs. Rounding out our channel, we've built an OEM business with ShoreTel for VOIP telephony and with Siemens for HD video communication.

WRB: What keeps LifeSize execs up at night?

AT: In the current economic climate, immediate & measurable expense reductions, along with improved business efficiencies are vital to our customers. Customers tell us how our technology helps give them time back in their lives, and connect in ways that were not possible before. We won't rest until video calls are as pervasive or even outnumber audio calls.

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