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Andrew W. Davis, andrewwd@wainhouse.com

They're Back!

Not content with the shellacking they took 3-4 years ago, 8x8 is back with a consumer videophone, this time in a new packaging and with a new price point, \$499.



The DV324 is a fully integrated, H.324-compliant, desktop videophone with color LCD and uses the POTS analog telephone network. The unit is also compatible with the older line of videophones sold by 8x8 a few years ago.

The unit operates like a standard telephone and can be used for voice calls. Once a connection is made with another H.324 video device, the user hits a special button to "go video", which initiates the modem functions and a new, video-enabled digital connection is made after a short delay.

The device includes some nice extra touches which were also included in the earlier generation of products. These include an electronic pan-tilt-zoom control of the local or far-end camera, privacy functions, a snapshot mode for sending high quality still images, adjustable picture quality and size, brightness and hue controls, and auto answer. The

DV324 provides two inputs for external audio and video sources with which to optionally attach an external device such as a camcorder or digital camera. The unit's audio and video output allows for the optional use of a television or larger monitor to see and hear the other party with larger groups of participants.

I've seen a few phones like this at trade shows in Europe and Japan, almost all of them based on 8x8 chip technology and I have to believe that 8x8 in this case is OEM'ing the devices from a source in the Far East. It is not clear to me what the company's long term distribution strategy is for the new POTS videophones, but for the short term the plan appears to be to sell direct via the web.

Here's What I Think

What can you say when the very best just isn't good enough. That's pretty much my take on POTS videoconferencing. Yes, the 8x8 technology delivers pretty amazing video over tiny POTS connections, but the performance really isn't exciting for the general population. And if you get a 19.2 or 24 kbps connection on your analog phone line (instead of the maximum 33.3 kbps), performance will be far less than optimum. Sure, some people will buy the device, but not the masses, especially at \$499. Maybe at \$49.95 or even \$149.95. There may be some pretty interesting applications in security and in tele-healthcare, but grandma will have to be pretty desperate to see little Johnny or Gretchen to shell out \$1,000 for a pair of POTS videophones. The solution to this marketing-technology mess eventually will be broadband IP connections to the home. Accept no substitutes.

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Avistar Shrinks Camera



Avistar has announced a new camera for users of the Avistar system. The APC200 is 75% smaller than conventional PC cameras, and attaches to any monitor including the thin flat panels popular on financial trading floors - without blocking the screen area. The APC200 offers high-resolution video (510 x 492 for NTSC and 500 x 582 for PAL) and includes audio capabilities. The unit is not available as a separate product, only for use with Avistar systems.



[✉ jcarlson@avistar.com](mailto:jcarlson@avistar.com) (John Carlson)

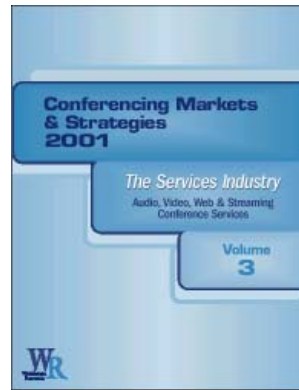
InView to host Free Video Program

On January 25, at 1PM EST, InView will host one of its infamous lunchtime, video-based training programs, this one featuring none other than yours truly, Andrew Davis, as the guest speaker. The subject is "Videoconferencing: Will it ever come of age?" and I will be discussing some new views of the industry based on recent research conducted at Wainhouse Research. I will also try to look at the future of the industry and talk about how, why, and when the transition to IP will make sense. To register, call 888-306-7153 or 706-645-6560 and ask for Heather or register online (and see my pretty picture) at www.inview.net/training/speaker.htm. I believe this is an H.320-only event; connection charges apply, but bridging is free, courtesy of InView.

[✉ Bysteboe@inview.net](mailto:Bysteboe@inview.net) (Brooke Ysteboe)

Now Available

The Services Industry: Audio, Video, Web, & Streaming Conference Services



Based on data collected by Wainhouse Research from several dozen vendors who shared proprietary revenue figures in order to help compile accurate industry statistics, the resulting 195-page report contains over 40 figures and includes a detailed five-year forecast for four different conferencing service types in three regions.

Volume 3 of CM&S-2001 also includes an overview and analysis of the top 30 conferencing service provider companies that Wainhouse Research believes are either leaders in their respective markets or are candidates to become industry players because of their unique technology, innovative business strategy, or position with respect to the impending IP transition. Another 20 secondary service providers are also reviewed.

Complete details including executive summary and table of contents at www.wainhouse.com/reports.

Wainhouse Research Launches Web Seminars - 2002

WR is launching a series of rich media conferencing tutorials in the form of web-based seminars. Each web seminar consists of three 2-hour sessions, one per day, for three consecutive days 11 AM to 1 PM Eastern Standard Time. The first seminar is "Implementing Streaming Media" and will be offered Jan 22-23-24 as well as February 26-27-28. The second seminar is "Implementing IP Rich Media Conferencing" and will be offered Jan 29-30-31 as well as February 19-20-21. The registration fee is \$395 per attendee PC and includes the three-session event as well as a workbook provided as a .pdf file. For full details and/or to register, visit www.wainhouse.com/seminars or contact Marc Beattie at mbeattie@wainhouse.com. This seminar series is being sponsored by PlaceWare.

Macintosh Meetings

Pixion is launching a new Mac OS X compatible version of its online meeting solution.

The Wainhouse Research Bulletin would like you to join us in thanking our new **2002** sponsors who help keep distribution of the WRB free:

Aethra	AT&T Conferencing
Compunetix	First Virtual Communications
Forgent	Global Crossing Conferencing
Gentner	Global Scheduling Solutions
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Wheeling & Dealing

RADVISION and **VisionNex** Technologies have been chosen by China Railcom to provide a country-wide videoconferencing and voice network based on RADVISION's viaIP networking platform and VisionNex's management software. China Railcom is one of the largest telecom service providers in China and has implemented the largest H.323 video network in that country. The network is reportedly firewall friendly, supports T.120 collaboration, and contains 500 ports from two different MCU vendors and over 200 endpoints from 5 vendors in 90 cities across China.

The VisionNex Communication Server (VCS) managing the network controls heterogeneous H.323 devices and provides a web-based total solution to automate user management, meeting management (e.g. scheduling, reservation, notification, conflict resolution, in-meeting control and information query etc.), and enables optimal resource management and allocation (e.g. network topology at the router level, GK, MCU, terminals and bandwidth etc.) and billing. VCS can take full control of MCUs and GKs from different vendors. Currently, it works with RADVISION, Accord and two other Chinese MCU vendors, with FVC's MCU (CUSeeMe) also in the pipeline. For firewall issues VisionNex has developed another product called "vPBX" (Private Branch Exchange for Video), a Pure Java based H.323 proxy.

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sfathi@radvision.com (Sandra Fathi)

The Royal Bank of Scotland has selected **Genesys Conferencing's** TeleMeeting fully automated audio services.

Roanoke Technology Corp. recently entered into a licensing agreement with **WebEx** to use their software to conduct sales demonstrations and product support.

Brinckmann & Associates is teaming with **Masergy Communications** to offer turn-key videoconferencing over IP networks with guaranteed Quality of Service based on Masergy's inControl Video IP network. This puts Brinckmann in a position to offer customers an end-to-end solution for video over IP.

The **PictureTel** User Group and the **Polycom** Global Community have decided to merge. The newly combined organization will continue to be self-governed but will remain very closely aligned with the new Polycom. Additional information can be sought from rosselot.rc@pg.com (Bob Rosselot) or mary.devany@mckennan.org (Mary DeVany)

IP Unity's carrier-grade services platform for enhanced voice and telephony applications has been selected by Cbeyond Communications to provide users with unified messaging.

New Reports From Wainhouse Research

CM&S V1, Multimedia Networking Infrastructure Products (3/01)



CM&S V2, Video and Web clients for Group & Personal Conferencing (10/01)

CM&S V3, the Conferencing Services Industry (12/01)

Microsoft Messenger for Windows XP, Analysis and Implications for Rich Media Conferencing (11/01)



Implementing IP Rich Media Conferencing, A Pragmatic Guide for the Business Manager (12/01)

Complete details, including an executive summary, table of contents, and ordering information are available at www.wainhouse.com/reports

Consumer conference phone vendor **Spracht** and **Genesys Conferencing** have formed a marketing relationship to bundle \$100 of Genesys conferencing services with Spracht's conference phone (\$200).

Wainhouse Research Summit to Feature Panel Discussion on IP Networks

This one promises to be a real knock-down match. We've lined up four IP video network providers (Wire One, Masergy, Virtela, and hopefully Global Crossing) who will face some tough questions from Wainhouse Research analysts, the audience, and fellow panelists from a few of the IP-savvy end users who will attempt to keep everybody honest



The network vendors will try to explain their convergence and overlay strategies for success as well as their views on when IP will dominate the conferencing world, while our two brave end users take different positions on whether IP video makes sense at all, and what the different motivations might be. You won't want to miss this event.

Additional details on this and other panel discussions planned for the Summit as well as on the individual presentations will be forthcoming over the next 2-3 weeks. Plan on attending ... Boston, MA; April 2-3, 2002

Details unfolding at www.wainhouse.com/summit.

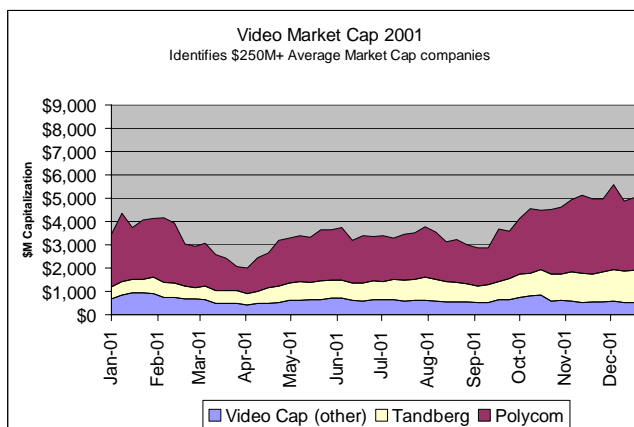
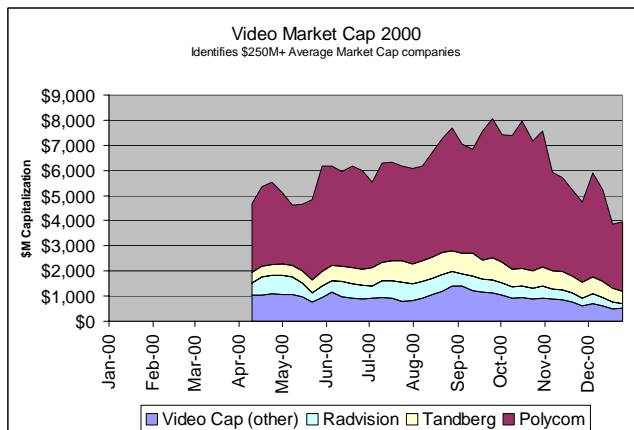
Dollars & Sense

Investcorp, a global investment group, has acquired substantially all the assets of **ECI** from Teligent for \$60 million in cash. ECI is one of the leading audio conferencing service providers. The acquisition was authorized by the U.S. Bankruptcy Court in the Southern District of New York, which is overseeing the ongoing bankruptcy proceedings of Teligent. Graham Sampson, a co-founder of ECI in 1991 and its former Chairman and CEO, will return as CEO.

Market Cap Index

Chris Dunford at Initia must have too much time on his hands. He has offered the WRB his market cap index which I am offering to the readers free of charge.

Chris's charts are based on the weekly stock prices of *publicly traded* companies for whom we believe at least 33% of their business comes from videoconferencing products and services. Companies that meet this criteria and that are included in the figures are Avistar, CUSeeMe, Ezenia, FVC, PictureTel, Polycom, RADVISION, TANDBERG, VCON, Viseon, VNCI, VTEL/Forgent, and Wire One.



To be charted as a separate entity in the market capitalization graphs, we decided that a company must have an average market cap of \$250M for the year.

The first chart shows the results for year 2000. You can see that Chris started this project in April and that TANDBERG, Polycom, and RADVISION all had average market caps above our threshold. You can also see that Polycom's market cap is generally more than the market capitalization of all the other companies combined. For year 2001 only TANDBERG and Polycom had average market caps over \$250 million, and again, Polycom's market cap is generally more than all the others combined.

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Speaking of market cap, **Polycom** has filed a registration statement with the Securities and Exchange Commission for a public offering of 7,000,000 shares of common stock. The underwriters have an option to purchase up to an additional 1,050,000 shares of common stock from the Company solely to cover over-allotments.

Wire One has entered into an agreement with a unit of BellSouth to make Wire One's videoconferencing products and installation and maintenance services available to business customers throughout BellSouth's service footprint.

Save These Dates

Is videoconferencing over IP a possibility in your future? Are you wondering what you might need to do to get ready for video over IP? Are you wondering what the risks and rewards might be for moving to IP? How should you get started? Well, save these dates. Wainhouse Research will be presenting a FREE all-day seminar on Implementing IP Rich Media Conferencing in conjunction with strategic partners.

- March 5 in New York City (go Mets!)
- March 7 in Boston (go Red Sox!)
- March 12 in Raleigh/Durham (go Blue Devils!)
- March 14 in Philadelphia (go Phillies!)

Details forthcoming in the next week or two.

People & Places

Avaya, Donald K. Peterson, chairman and chief executive officer, Michael Thurk, Group Vice President, Systems.

Lucent Technologies, Patricia Russo, president and CEO

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Codec Moments (redux)

Over the course of the past year, I wrote many monthly columns that were published in Advanstar's [eLearning Magazine](#). I thought I might reprint a few of the more interesting ones in the WRB. This one is from the November 2001 issue.

The Donkey and the Carrot

You all know that cartoon. The carrot held in front of the donkey by a stick; no matter how hard the donkey trots, the carrot never gets any closer. Sometimes I wonder if that's not the state of the videoconferencing industry. Since time immemorial, we've been listening to users tell us that videoconferencing's audio quality isn't as good as the telephone, that the video isn't as good as television, and the equipment is too hard to operate. Well, if you've seen the latest generation of equipment from any of the leading vendors, you know that these conditions aren't really true any more. Today's room and desktop videoconferencing systems can produce wideband audio that is superior to the analog telephone system and reduces "meeting fatigue" together with video that can match TV frame for frame. And most systems can be operated from a hand held remote featuring varying levels of intuitive design. Meanwhile it's been over a year since Polycom and VCON introduced USB-based, high performance desktop videoconferencing systems – eliminating the long-established killer requirement for users to crack open the PC case to do an install. And still the desktop market hasn't taken off.

We're still plodding along. But the carrot actually might be getting closer. I believe users, especially the large enterprises who have video experience and want to roll out the new solutions by the hundreds or even thousands, are looking beyond endpoint issues to the problems of the entire video enterprise. And while the challenges are being defined and quantified, the industry is already responding. Here are what I see to be the three major remaining hurdles preventing videoconferencing from entering the enterprise mainstream.

Video network management, device control, (and scheduling) tools. Over the years, the endpoint vendors have worked hard to make their devices appear less complex to the user; meanwhile the complexity of the networks has been growing, driven by the increasing numbers of endpoints and by the need to span multiple network types, including IP and ISDN.

Today, this issue has reached major proportions for any company contemplating the skillful deployment of dozens of videoconferencing systems with the attendant bridges, gateways, and gatekeepers, etc. Too often, when something goes wrong, determining the cause of the problem requires a Ph.D. in black magic. Video network management tools will go a long way towards enabling small teams of professionals to manage, monitor, and control large, dispersed, and complex networks of video-enabled conferencing devices.

In this market space, keep your eyes on Applied Global Technologies, Forgent, FVC, Global Scheduling Solutions, Magicsoft, MVC, Todd Video Network Management.

IP Network Services. If you believe that this industry won't take off until the visual communications is running over a packet network with quality of service (which is what I believe), then you have to wonder where the end users are going to get such network services. Right now the major carriers and IP backbone vendors don't have video on their radar screens and seem to be tangled up in their own underwear and the communications meltdown. But a new breed of IP networking guys are emerging, many of whom have pricing schedules that will be of keen interest to serious conferencing users (where else would you consider 1 Mbps conferencing except on IP). And some of the conferencing service providers like VSPAN and InView or hardware resellers like Wire One are teaming up with networking providers to give customers a single point of contact.

Check out Cogent, Savvis, Internap, Masergy, Telseon, Wire One, Yipes.

Super-gatekeepers. Gatekeepers are defined in the H.323 specification. They handle device registration, call control, bandwidth management, and other basic functions. But users need more than this for practical applications and to provide higher levels of functionality – basic tools to which professionals and office workers have grown accustomed. Super-gatekeepers are critical to pushing the industry over the hump. Enterprises need to make video easier to use while controlling costs, improving reliability, and managing the bandwidth utilization. Super-gatekeepers, with functions like call detail records, network performance monitoring, and diagnostics and event logging, further blurs the line between a management system, a gatekeeper, and a PBX. So,

while the product category is a bit muddled, and hence the competitive landscape is a bit blurry, there is no question that the functionality is in demand. The question is whether the superior products will come from conferencing infrastructure specialists or whether the endpoint vendors will have the best window into this set of market needs.

Watch for interesting products from Forgent, Initia, Polycom, RADVISION, VCON.

Color me optimistic, but I believe we are less than a year from having these three barriers overcome. Then we shall see whether the market finally takes off, or whether there still remain fundamental human issues surrounding video communications. Or maybe, we still haven't found the right paradigm.

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[⇌ Jim Seymour Likes Desktop VC](#)

[⇌ Travel vs Videoconferencing: Long Term](#)

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