

YES.... This is a new layout for the WRB. We've heard from many of you that you prefer reading the newsletter on your computer screen and that a single column layout would be an improvement. Let us know what you think..... comments to editor@wainhouse.com.

As always, please feel free to forward this newsletter to your colleagues. SUBSCRIBE NOW! IT'S FREE! To be added to our automated email distribution list, simply visit www.wainhouse.com/bulletin.

Andrew W. Davis, andrewwd@wainhouse.com

SMART Technologies Intros New Technology for Touch-Sensitive Displays



SMART Technologies has announced a new and unique application for machine vision technology, dubbed Digital Vision Touch, or DViT. DViT uses proprietary digital cameras and sophisticated software to determine the contact of a finger, stylus, pointer or other object on a display. Four cameras, situated in each corner of the display system (see close-up image of corner of display), communicate position information back to a digital signal processor that determines the exact point of contact. No special pens or tools are required to interact with the display, nor are special materials required on the touch screen, making the image bright and clear. Unlike touch

systems in which the technology resides in the surface material (previous products), all DViT technology resides in the frame around the display, protected from day-to-day contact, allowing products that use the technology to be extremely durable. Multiple U.S. and foreign patents for DViT technology are pending.

DViT technology is being introduced on two of SMART's premium products – the Rear Projection SMART Board 3000i and the SMART Board for Plasma Displays interactive whiteboards. By replacing analog resistive technology with DViT technology, SMART has improved the brightness of the 3000i by 34 percent while contrast ratio has increased by 133 percent. On the SMART Board for Plasma Displays interactive overlay, DViT technology makes the image 21 percent brighter and the contrast 15 percent better. The interactive overlay surface is anti-glare and anti-smudge.



My Comments:

I got a chance to see the new technology in action and it represents an impressive performance improvement over earlier products. (the new SMART products are priced the same as the old SMART products, by the way.) There are numerous advantages here to both SMART and SMART customers. The DVIT images are brighter and higher contrast, making the displays much more classroom and conference room friendly. The camera technology is size independent, meaning that SMART will soon be able to introduce much larger and much smaller displays (The company currently supports 17 plasma display models alone.) The machine vision cameras operate at approximately three hundred (300) frames/sec, making the responsiveness of the system much faster and the interaction truly real time. And DVIT technology does not require the use of proprietary pens or tools that may be lost or broken. The display can be activated using a finger, stylus, pointer, or virtually any object.

The WR Bulletin would like you to join us in thanking our 2003 sponsors who help keep distribution of the WRB free:

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Forgent Networks	Sonexis
InterCall	Sony
IVCi	Spectel
Konftel	TANDBERG
MVC	V-SPAN

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SMART Technologies has quietly but steadily become a growing force in the collaboration business. Much of the company's business is related to videoconferencing, but the majority is really focused on ordinary, non-video-enabled meeting rooms and classroom settings. The company's product line covers four product areas: SMART boards (white boards, rear projection white boards, and plasma displays); furniture, camfire cameras for recording collaboration sessions, and PC software for numerous web conferencing, brainstorming, and collaborative communications functions. Who said you can't innovate in the frigid Calgary climate?

Wainhouse Research's Alan Greenberg will be keynoting (by video) the Illinois Distance Learning Conference, to be held March 27-28 in Springfield, Illinois. His keynote address, "Immune from the Bubble or Endangered Species? How the Next Wave in Technologies Will Affect Distance Learning Programs," will be delivered from 12:20 - 2:00 p.m. on Thursday, March 27th, & is sponsored by Polycom, Inc. Visit www.illinois.net/conference for details.

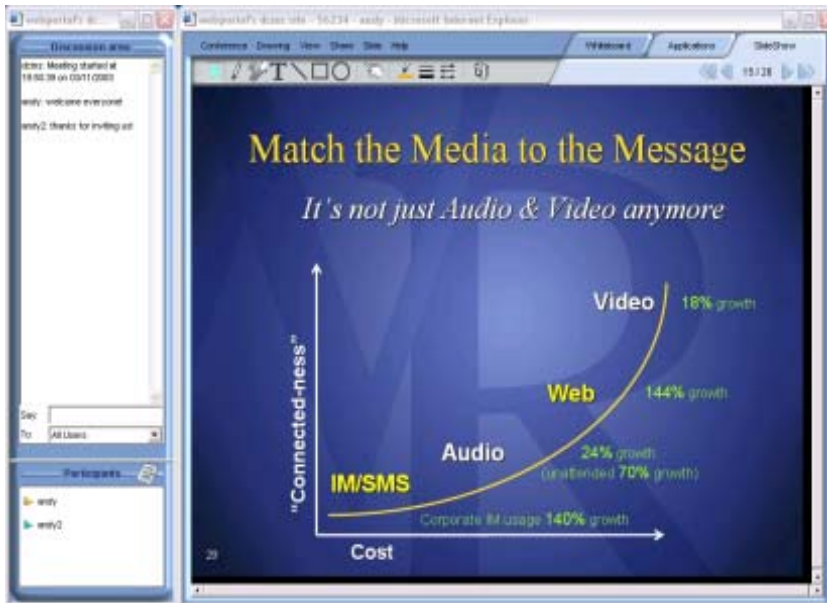
New Web Conferencing Software Options for CSPs:

DCL Slims Down DC MeetingServer

[Andy Nilssen, andyn@wainhouse.com](mailto:andy@wainhouse.com)

UK-based Data Connection Limited (DCL) has announced the release of Version 2.0 of DC MeetingServer, DCL's web conferencing server software. The release is specifically targeting at Conferencing Service Providers (and their suppliers) that want to host their own web conferencing services. While 2.0 continues to build on DCL's base of data

conferencing technology development, the primary goal of version 2.0 is to address the increasing demand for simple, reservation-less web conferences and thus contains a disciplined mix of feature refinements, enhancements, and deletions.



DC-MeetingServer 2.0's Conference Desktop

Core 2.0 features include tabbed access to interactive whiteboarding, PowerPoint presentations, and application and desktop sharing. No pre-loaded software is required. Any number of participants can be designated as presenters; all presenters can point and annotate over any of the applications. Specific 2.0 enhancements include a re-design of the user interface to make it visually more attractive and easier for users to host meetings and thus reduce the Service Provider's training and support costs. Conference scheduling has

been simplified to embrace ad-hoc conferences and the back-end of the software has been opened up to integrate with existing web-based audio conferencing consoles. Custom branding and deployment has been streamlined to accommodate integration with a Service Provider's web and billing systems; DCL's professional services group is available to assist with the integration process.

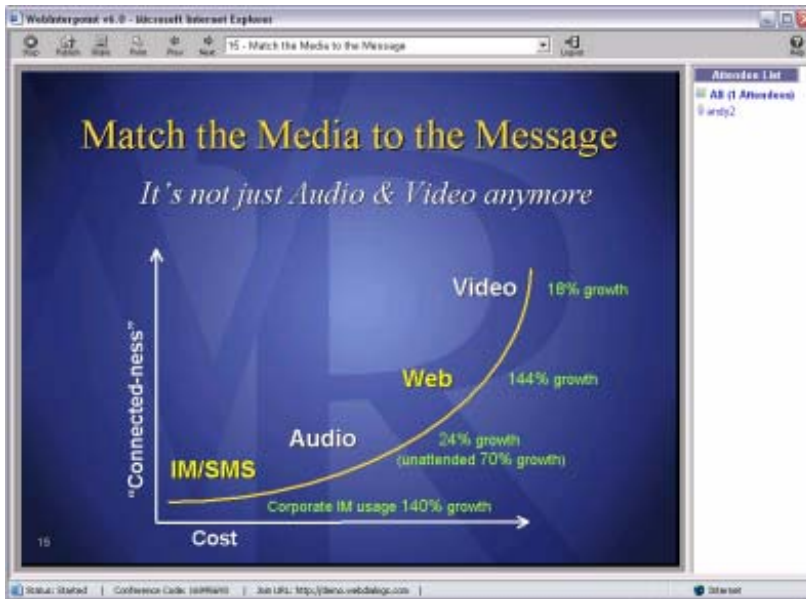
To gain simplicity and focus, ver2.0 sheds the previous version's scheduling module (though it can be included if needed), IP-based audio and video conferencing, NetMeeting support, and meeting record/playback. These features will continue to be marketed as part of DC MeetingServer 1.3 (which will continue to be enhanced) and may become part of ver 2.0 in the future depending on market demand.

DC MeetingServer 2.0 is available immediately; pricing guidelines were not released. Current DC MeetingServer-based Service Providers include BT, Latitude, eRoom and General Dynamics.

kh@dataconnection.com (Ken Hughes)

... while WebDialogs Firms Up WebInterpoint

Massachusetts-based WebDialogs is gearing up for an early April announcement of WebInterPoint 6.0, an upgrade to firm's web conferencing software offering. While the release contains significant enhancements to further address the needs of ad-hoc web conferences, WebDialogs has also worked to simplify their user interface and carefully rejected any features that it deems are not worth the incremental confusion. WebInterpoint is targeted at both Conference Service Providers and Enterprises, and is available a) as a hosted service from WebDialogs, b) as a service from a growing number of CSPs – including Conference Plus, Inc / SBC / 1-800-CONFERENCE and Connex International, and c) as server software for purchase.



WebInterpoint 6.0's Presenter Desktop

WebInterpoint's core features include PowerPoint presentations, application and desktop viewing, and web co-browsing. The presenter's user interface consists of a single row of simple, self-describing icons and a list of attendees. There is no scheduling module because the product is focused on ad-hoc web conferences via a designated meeting URL. New to version 6.0 is no software installation is required; both the presenter and attendee applets download transparently to augment a standard web browser. Also, any attendee can become the presenter at any time. Any Microsoft Office

document can be uploaded and viewed as a presentation; the presenter has a pull-down menu to present and point to information on any page. WebDialogs offers custom-branded versions of the product for purchase or as a hosted service.

WebInterpoint 6.0 is in beta test and will be announced in early April. WebDialogs offers per minute, per concurrent port, and per user service subscriptions as well as software licenses for those CSPs and Enterprises that want to host the software themselves.

soblak@webdialogs.com (Susam Oblak)

Here's What AndyN Thinks

The fact that these two offerings are surfacing at about the same time with the same focus (ad-hoc web conferences), same operational goal (simplicity!) and that both suppliers are primarily targeting CSPs is a strong indicator of where the action will be in web conferencing over the next few months. The ad-hoc metaphor complements reservation-less audio conferences and removes a whole level of scheduling complexity. While each of these offerings is unique, the common aspect of simplicity is very interesting: both of these suppliers took great pains to hone their UIs (with great results) and developed more features yet chose not to include them in order to keep the product simple. While there are others in the "simplicity" space (Glance Networks, Linktivity), the targeting of CSPs indicates these suppliers believe the market for web conferencing services has evolved to the point where CSPs want a simpler, lower cost offering that they can potentially integrate, host, and brand for themselves.

A full report on the web conferencing industry is due out from Wainhouse Research shortly. Details to follow.

➡ [WR Forum: New Web Conferencing Software Options for CSPs](#)

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Conferencing4Business Update



Wainhouse Research is pleased to announce the launch of Conferencing4Business, a series of four regional conferencing and collaboration events. Conferencing4Business is targeted to give novice and experienced end users, interested non-users, as well as service providers and resellers an intensive one-day exposure to the latest trends and technologies in the conferencing and collaboration space as well as an opportunity to see current products and services and talk with the leading vendors in the field.

For 2003, the events will begin in September and take place in Washington, D.C., New York City, Chicago, and San Francisco. International dates may follow next year. While we are still working on the exact dates and hotel locations, we are delighted to have five Premier Event sponsors already on board: **AT&T**, **Cisco**, **Sonexis**, **TANDBERG**, and **WebEx**.

C4B UPDATE

Sept. 10, 2003 – Washington, DC

Sept. 18, 2003 – San Francisco

Each C4B event will have an exhibit hall plus two simultaneous conference sessions covering the many aspects of voice and video over switched and packet networks, instant messaging and web conferencing developments for both CPE and service provider customers, the integration of conferencing technologies into rich media applications that deliver end user benefits, scheduling and management systems, and more. Exhibitors who have committed so far include ACT Teleconferencing, Aethra, AGT, AT&T, Centra, Cisco, Forgent, FVC, Genesys, IVCi, Polycom, Premiere Conferencing, RADVISION, ReView Video, Sonexis, Sony, TANDBERG, Ubiquity, VCON, V-SPAN, and WebEx.

We expect to cap the exhibition hall to ~30 vendors. If you would like to exhibit, send a note to info@conferencing4business.com for info. Additional details with exact dates and the conference agenda will be unfolding over the next few weeks and available on the C4B web site to be launched this month.

RADVISION IP Phone Toolkit

RADVISION has introduced an IP Phone toolkit supporting multiple VoIP protocols including: SIP, H.323, and Megaco/H.248. The toolkit enables advanced IP phone services such as conferencing, transfer, hold, and caller ID, in addition to basic phone support across a range of chipsets, media processing, and hardware implementations. For those of you thinking of designing your own IP phone with the company's toolkit, you'll also need DSP services (voice compression/decompression, echo cancellation, VAD, etc) and telephony hardware services (hook state, key state, handset, etc).

New Products From VCON

VCON has introduced the VCB 1000, an integrated MCU, streaming server, embedded gatekeeper and management system. In conjunction, VCON also announced the VCON Broadcast Viewer, software that enables users to passively view VCB 1000 streaming sessions as well as VCON Interactive Multicast sessions. The Broadcast Viewer supports H.261 and H.263 video standards as well as G.711, G.722 and G.728 audio standards. Participants can view streams at data rates up to 1.5Mbps from Windows 98, ME, 2000 or XP workstations. These products combine to provide a complete MCU and streaming

solution for organizations deploying IP videoconferencing throughout their enterprise. VCON also announced software upgrades for the MediaConnect 9000 and Falcon group videoconferencing systems. The upgrades include software enhancements to the endpoints as well as additional integration with the Media Xchange Manager (MXM), VCON's integrated video network management system. The new software for the 9000 includes Annex Q, the new ITU H.323 standard for Far End Camera Control, improved video frame rate, the ability to work off-line when registered to the MXM, improved firewall support, and support for additional types of online directories. VCON also announced upcoming support for H.264.

New International Service from Premiere

Premiere Conferencing has a new service to simplify pan-European conference calls. ReadyConference EuroMeeting allows users to access a multinational conference call by conveniently dialing a local telephone number in their own country – thereby reducing the cost of international calls and making it easier to conduct teleconferences across Europe.

Wheeling & Dealing

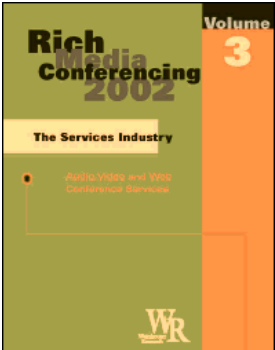
V-SPAN has acquired substantially all the assets of **VideoBureau, Inc.**, and in particular the intellectual property rights around the Video Communications Operating System (VCOS). Terms of the transaction between the two private companies were not revealed. The goal here is to integrate VCOS into V-SPAN's global network management system, ONWARD. ONWARD is a globally deployed, fully automated management system that seamlessly connects conferencing technologies including video, audio, web and streaming through a 'carrier class' service provider engine. ONWARD has two aspects to it – one is a core database that handles all the transactions and record keeping; the second is the customer-accessible, web-based piece dubbed Engage.

The VCOS capabilities will expand V-SPAN into the device management arena, giving customers a managed service that incorporates networks, point-to-point and multipoint calling services, gateways, gatekeepers, and directory services within a comprehensive managed services offering. The services can also span from self-service, which is the focus of Engage, to high-touch calls that cover critically important events or events where endpoint or network performance issues have been encountered. V-SPAN's goal here is clearly to deliver a higher performance service leading ultimately to higher customer satisfaction and higher utilization of conferencing services, an offering which the company believes cannot be built without owning the software technology.

New York-based VideoBureau will retain its name and certain intellectual property and equipment unrelated to the VCOS product line.

Now Available:
Rich Media Conferencing 2002:
The Services Industry -
Audio, Video, & Web Conferencing Services

This is volume 3 of our three-volume report series covering the conferencing market. V3 contains our analysis of the audio, video, and web conferencing service provider (CSP) marketplace including a five-year forecast by market segment and geography.



Full details, including a table of contents, a FREE executive summary, and ordering information are available at wainhouse.com/reports.

Masergy Communications closed its second round of equity funding for \$31 million. With this new round, MASERGY's business plan is fully funded to cash flow break-even. In total, the company has raised nearly \$100 million over the past two and a half years ago. The company has no debt.

Virtela Communications has received a commitment of \$11 million in expansion capital from multiple top-tier venture investors. The Series C financing is expected to carry the company through to profitability. The new funds bring Virtela's total capital commitment to \$86 million to date. Virtela also announced that Extreme Networks is using Virtela's managed services to connect all its company locations, remote workers and partners worldwide. This is a large managed VPN optimally routed over multiple carrier networks.

Polycom and Ridgeway Systems & Software have announced a worldwide co-marketing agreement which establishes Ridgeway's IPFreedom as Polycom's preferred software solution for NAT/Firewall traversal.

Wire One Technologies has sold its integration business to **SPL Integrated Solutions** (SPLIS). The deal is actually part of a partnership formed in which SPLIS will also become a Glowpoint reseller. While terms of the transaction were not announced, we believe a small amount of cash and notes did change hands; that about 16 WONE employees are now SPLIS employees; and that another 10 WONE employees are still in the air and a few are out altogether. All of the employees changing hands are technicians, engineers, or project managers. This is an interesting deal: it takes Wire One out of the construction business entirely and leaves the company focused as a video solutions company; SPLIS meanwhile continues its strong position as an A/V integrator with expertise in custom installations. SPLIS, you may remember, did a similar deal about one year ago with Forgent – taking over that firm's integration business in exchange for some partnership deal. Bottom line: this is a tough economy and in tough times, the smart companies focus on what they do best – this is a great deal for both Wire One and SPLIS.

Universal Voice Communications has partnered with **Compunetix** to provide web-based audio conferencing for UK businesses and consumers with a new service portal dubbed CONF-it.

Systems engineering and integration firm **The Whitlock Group** has expanded operations with the opening of a Coral Springs, FL office.

WorldCom has quietly and unofficially laid off all of its remaining sales force selling videoconferencing bridging services, according to our unofficial and secret sources. This complements the move the company made last June when it fired all of its sales people selling videoconferencing equipment.

A recent edition of *Inside Digital Media* features an interview by Raymond James' Phil Leigh with Andrew Davis in which Andrew shares his thoughts on:

- Has videoconferencing really been a growth business,
- Was growth at Polycom and TANDBERG only a market share phenomenon,
- Why has desktop video conferencing failed to live up to its promise,
- Will web conferencing obsolete videoconferencing, and
- Where is Microsoft going, among other topics.

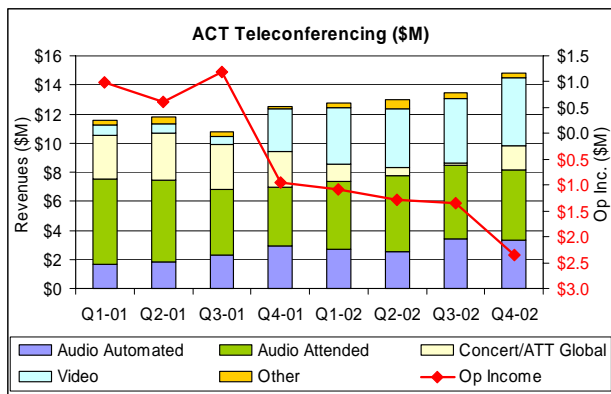
The 43:27 stream contains audio with synchronized PowerPoint. [Click here to view.](#)

Dollars & Sense

ACT – Q4

ACT Teleconferencing reported revenues grew to \$14.7 million for Q4/02 and to \$53.87 million for the year.

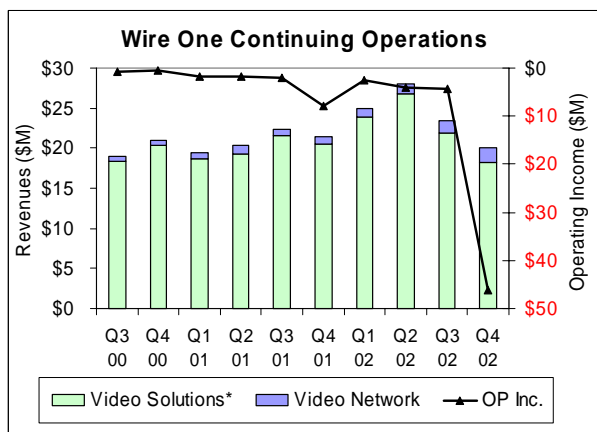
ACTT \$M	Q4-01	Q3-02	Q4-02	Sequential Growth	Annual Growth
Audio Automated	\$2.93	\$3.38	\$3.30	-2.2%	12.6%
Audio Attended	\$4.06	\$5.06	\$4.85	-4.2%	19.3%
Concert	\$2.46	\$0.21	\$1.68	701.4%	-31.8%
Video	\$2.87	\$4.43	\$4.65	5.0%	62.1%
Other	\$0.20	\$0.37	\$0.30	-18.9%	49.3%
Total	\$12.52	\$13.45	\$14.78	9.9%	18.0%
Op Income	-\$0.95	-\$1.35	-\$2.36	NM	NM



Wire One – Q4

Wire One reported revenues from continuing operations for Q4/02 of \$20.0 million vs. \$21.47 million for Q4/01. Results from previous reporting periods are being restated by Wire One to reflect the fact that continuing operations now do not include the integration business. For example, our math indicates that in Q4/01 the company did approximately \$7.49 million in integration, since it reported total revenues at the time of \$28.96 million.

WONE	Q4-01	Q3-02	Q4-02	Sequential growth	Annual Growth
V solutions**	\$20.47	\$21.96	\$18.29	-16.7%	-10.6%
V network	\$1.00	\$1.53	\$1.72	12.8%	72.7%
Tot Rev \$	\$21.47	\$23.49	\$20.01	-14.8%	-6.8%
Op Inc.	(7.81)	(4.22)	(46.12)	NM	NM



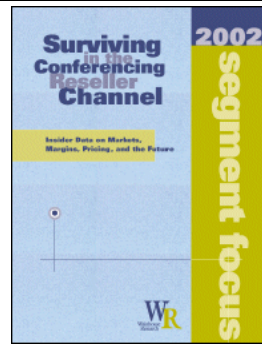
Note that in the above table and graph, we have restated the Q4-01 numbers to reflect the discontinuance of the integration business, but we are unable to do so yet for the Q3-02 number that still contains the revenues from the discontinued operation.

For the year, WONE achieved an 11% increased in revenue from continuing operations to \$82.8 million versus \$74.4 million in 2001. As required by the new FASB accounting rule #142, Wire One had to write off \$41.4 million as an amortization of goodwill, thereby generating a huge operating loss for the quarter. The company ended the year with \$2.76 million in cash.

The video network business continued to gain traction for the company, generating a 72% increase to \$1.7 million revenue during Q4/02, compared to \$1 million in the year-ago

period. \$1.2 million of the quarter's video network revenue was Glowpoint related, while the remaining \$0.5 million came from the company's legacy ISDN H.320 bridging business. On the sequential basis, Glowpoint revenues increased over 32% from the \$900 thousand figure reported in Q3.

For the year WONE achieved \$5.6 million in video network revenue versus \$3.5 million in 2001, a 61% increase. \$3.2 million dollars of this year's video network revenue was Glowpoint related, with the remaining \$2.4 million coming from the Company's H.320 bridging business; \$0.4 million of last year's video network revenue was Glowpoint related, with the remaining \$3.1 million coming from the company's H.320 bridging business. Approximately 1,150 endpoints were under a Glowpoint contract at the end of Q4, an approximate 35% increase over the 850 reported at the end of Q3. Of that amount, approximately 750 were online and receiving invoices, which represents a 50% increase from Q3 levels.



Surviving in the Reseller Channel

Containing over 90 figures and jammed with essential market data, this report is based on interviews with 33 conferencing resellers world wide. Topics include how resellers advertise & sell conferencing products and services, what margins they

typically achieve, how they charge for special services, and which products and vendors they consider to be "best in class." The last section of the report shows the trends resellers see for the future of the channel and for the products and services they sell.

See www.wainhouse.com/reports for details.

Boston Red Sox to Present during WR Summit



This year's Summit will feature a presentation by the Boston Red Sox, who will demonstrate a nine-inning collaborative working session with the Tampa Bay Devil Rays at Boston's famed and historic Fenway

Park, just a short walk from the Summit's Colonnade Hotel site. The session will NOT feature advanced communications products, but will highlight century-old baseball hand signals that were actually the foundation for T.120 rev 0.1. Wainhouse Research has reserved tickets to the event for all Summit speakers and panelists as well as for the first 50 people to register. The game is at 7:05 pm on July 23 and will be an excellent informal networking opportunity for all.

July 23-24, Boston, MA

Check out www.wainhouse.com/summit

People & Places

SiteScape, Pim Brouwer, Managing Director for Europe in the new European headquarters in Amsterdam.

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