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Raindance Jumps onto VoIP

Audio and web conferencing service provider (CSP) [Raindance](#) has announced what appears to be the industry's first nationwide VoIP conferencing platform. Using new voice services from Level 3 Communications (the network we believe is behind Vonage and Packet8), Raindance's proprietary conferencing architecture stands to provide customers, beginning sometime in Q1/04, with greater reliability (single network operation) and the opportunity for innovations in voice conferencing not previously possible – such as dialing a local number to gain access into any conference call, regardless of the user's location. (An IP address is an IP address, no matter where you are.) Dial locally, conference nationally.

As a result of this partnership with Level 3, Raindance will extend the reach of its conferencing service with a universally available platform that provides users the ability to communicate whether they are calling from the traditional TDM networks, internal IP-based networks or in conjunction with IP Centrex Services.

Here's What I Think

Yes, a few years ago some analysts poo-poo'd VoIP as low quality, unsuitable for business calls, and likely to be squeezed out by falling per minute prices on the PSTN. But the truth is, VoIP is coming, driven not by lower costs (which it does provide to the carriers, since routers are less expensive than big switches), but by advanced functionality and by advantages across the board in integration possibilities. In the past few weeks we've seen major carriers from AT&T, Sprint, MCI, and several cable companies announce VoIP initiatives. Yes, the tsunami is coming, except it will take a few years (8-15 by my reckoning) for the wave to pass in its entirety. An interesting point to ponder: VoIP will probably be almost exclusively SIP-based; how will this affect the future of videoconferencing?

GlowPoint Relaunches

With an executive team re-invigorated by new CEO David Trachtenberg (see interview below), [GlowPoint](#) has relaunched its IP video network services. The story leads with two new video subscription calling plans that provide customers with unlimited video calls between subscribers and a variety of services that make video communications easier, more spontaneous and more affordable. The other two major points behind the relaunch deal with two important web-based services: 1) CustomerPoint, a customer portal that provides subscribers with online access to detailed, real-time usage information and a secure method for managing their GlowPoint accounts, and 2) PartnerPoint, an exclusive agent portal that provides automated sales and marketing tools for the company's growing reseller community.

The two “all you can see” fixed price, all-you-can-eat plans are for bandwidths of 512 kbps (\$499/month using standard SDSL and \$799/month using extended SDSL) and 1280 kbps (\$799/month using standard SDSL and \$1,099/month using extended SDSL) supporting one and three 384 kbps calls per WAN connection respectively. The unlimited plan includes all calls made on network and all calls received from on or off network; additional fees apply for making calls to non-GlowPoint locations. There is also a one-time activation fee depending on your DSL capabilities. One nice feature of either plan is that user get a single GlowPoint phone number (Andrew’s is 700-733-7995) that can be accessed over IP or ISDN; the GlowPoint gateway takes care of the details.

My Comments: The fixed-price-per-month-unlimited-use plan is becoming a de-facto standard in the telecommunications world - fixed price plans are available for cell phones, land-line telephones, and now for IP video networks. This is definitely the wave of the future, and kudos to GlowPoint for making the jump to this pricing scheme. While they’re not the very first video network provider to announce fixed price plans, they are the first company with over 1000 video endpoints to do so.

The industry needs to get behind the video network service providers if there is any hope for significant short term growth. It’s long been evident that videoconferencing won’t achieve its potential if its future is tied to ISDN; IP is the great white hope. And all-you-can-see plans are the key to introducing the unwashed masses to the real benefits of visual communications.

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Encounter Collaborative Launches ShareItNow 1.0.

Portland, OR-based [Encounter Collaborative](#) has introduced [ShareItNow](#) 1.0, a web conferencing solution targeting “simple.” In conjunction with Encounter’s audio conferencing services, the web conferencing service allows users to show any application on their desktops. The service is fast to launch (ad-hoc) and simple to operate.

Starting with a quick download that adds an icon to the user’s desktop, presenters who want to show their applications simply click on the icon to launch Encounter’s ‘Web Window,’ a moveable and sizeable frame that borders the application to be shared. Within seconds, presenters can display any information on their desktops. ‘Recipients’ see whatever the presenter wishes to show them by clicking once to enter Internet Explorer. They then enter a password provided by the presenter, clicking a second time to instantaneously view whatever the presenter wants to share, always at the presenter’s discretion. The presenter can track what participants are viewing as well as employ annotation tools.

The company is offering the service in three packages: 1) \$30 per year gives a single user unlimited use for one-on-one presentations. 2) For one-to-many presentations, the cost is 8 cents per minute per user, and this includes BOTH audio and web conferencing. I believe this price applies to subscribers of the first plan. 3) An enterprise package provides unlimited use for up to 200 simultaneous users and costs \$9,000 per month and does NOT include audio bridging (available separately for 5 cents/minute). According to Encounter, this package is a “WebEx killer.”

Here's What I Think

This is a company with an interesting history. Encounter (about 30 people today) was spun out of Envoy Global in July, 2002, about three months before Envoy was acquired by PlaceWare, which later of course was acquired by Microsoft. There remains a connection today between Encounter and Microsoft, rooted in this acquisition trail, in which Encounter, I believe, provides audio services to Microsoft and resells Microsoft Office Live Meeting to those users who want more than the simple modes supported by ShareItNow. Encounter tells me they have done audio meetings with up to 9,000 attendees, many times.

On the matter of the service itself, ShareItNow is an interesting paradigm. Similar to [Glance](#), which remains one of my favorite office tools because Glance is simple and fast - I can be showing you my screen on your web browser 20 seconds after deciding to do so. But Encounter has the nice added benefit that the presenter can show part of a screen, defined by a movable, resizable rectangle. And the list price of \$30 per year for ShareItNow is rock bottom (Glance Personal Lite is \$30/month or \$300 per year.) For one-to-many presentations, Glance is \$50 per month for a named user (volume discounts down to \$16/month available) or \$100/month or \$1000/year for a shared license. As far as the enterprise package is concerned, I was left a bit confused. While WebEx's customer distribution figures are obviously very confidential, the company reported \$48 million in revenues last quarter from 8400 customers. Surely there is some sort of bell shaped, non-Gaussian curve that applies here, but the average WebEx customer appears to spend about \$1900-\$2000 per month, a far cry from Encounter's \$9,000 per month WebEx killer enterprise plan.

2004 Rich Media Conferencing Calendar	
WHEN & WHERE	WHAT & WHO
Feb 19-20, Zurich, Switzerland, Airport Hilton	PUG European Seminar
March 1-4, Orlando Florida	VoiceCon
March 18-24, Hannover, Germany	CeBit
May 18-20, San Jose, CA	IMTC Spring Forum
June 5-11, Georgia World Congress, Atlanta, GA	InfoComm2004 exhibition and conference
July 14-15-16, Colonnade Hotel, Boston, MA	Wainhouse Research Summit
October 10-13, Westin-Innisbrook, Florida	Polycom User Group (PUG) Annual Conference
October 21, Chicago OHare	Wainhouse Research CSP Summit

News in Brief

- The December issue of ConferencingBuyer is now available. Visit conferencingbuyer.com to download your free copy.
- We missed this story last month. WebEx has acquired CyberBazaar, India's main voice and videoconferencing service provider for about \$4 million. The acquisition will enable WebEx to provide multimedia Web communications for India's fast-growing service sector. CyberBazaar had revenues of around \$2.7 million in the four quarters ended September 30. According to WebEx CEO Subrah Iyer, WebEx is also eyeing the possibility of using India as a technology support base to help its global customers. (Can you say outsourcing?)
- Polycom has completed its acquisition of Voyant Technologies.



- Cisco has completed its acquisition of Latitude Communications. Cisco MeetingPlace will be marketed, sold and serviced through Cisco's Voice Technology Group in a newly formed business unit led by Rick McConnell.
- RADVISION has achieved Cisco's AVVID certification for the company's iVIEW VCS and iVIEW Network Manager. The iVIEW VCS is for end users to schedule videoconferences (using either their Microsoft Outlook calendar or a provided Web interface); the iVIEW Network Manager is for IT managers to monitor and manage a video network from a central location.

On the Scene in Beijing

By Stacy Austin Li, stacy@wainhouse.com

The Chinese Ministry of Information Industries (MII), has recently issued licenses for a new category of telecommunications service provider; the value added service provider (VASP), which includes conferencing service providers. The MII is the government ministry that controls licensing and standards for the telecommunications and IT industries and has been cautiously introducing competition into fields which were once monopolized by China Telecom. Preliminary licenses to provide domestic "multipoint communication services" were issued to 10 of the 35 companies who applied, while 5 were issued in other categories of VASPs such as IP-VPN and online trading. Options for providing multipoint communication services listed in the policy statement include 1) audio conferencing, 2) videoconferencing over the PSTN network, 3) IP videoconferencing, and 4) video on demand (VOD) services.

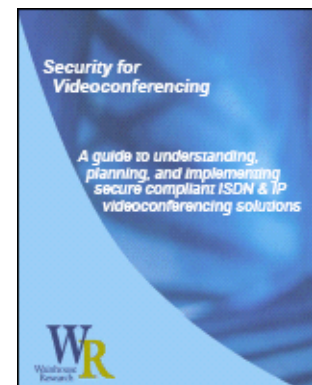
Some of the companies that will be joining the ranks of conferencing service providers in China include: China Entercom, an ISP and provider of IT services that targets small and medium enterprises; CITIC Network Management, an ISP subsidiary of the financial services giant China International Trust and Investment Corporation; China Motion, which provides mobile services in Southern China; and popular internet portal 263.net. The new VASPs will be evaluated again in August of 2004 before the licenses are made permanent.

Stacy's Comments: While the new licenses were issued on October 16th, there has not been a lot of fanfare within the industry. Many are waiting while the implications of the typically ambiguous policy statement are sorted out. Several points seem important to me. The first is that the pool of potential conferencing service providers across China just grew from 5 to 15, implying both the Ministry and the applicants see potential in this market. Second, the applicants are targeting a variety of market segments and verticals, so we should expect to see some focused rich media applications in addition to traditional conferencing services. While we can not expect service rollouts until mid-2004, my bet is that video over IP will be the major draw and many new CSPs will get their feet wet with a relatively low initial investment in a software based video-centric web conferencing model. Finally, the policy statement makes it clear that VASPs are to utilize existing networks to provide these services, most likely provided by China Netcom and China Telecom. Look for increasing overlap along the service provision continuum.

New White Paper Available

Security for Videoconferencing. This new white paper, sponsored by Criticom, provides a guide to understanding, planning, and implementing secure compliant ISDN and IP videoconferencing solutions.

See www.wainhouse.com/whitepapers to download.



One on One with GlowPoint's New CEO, David Trachtenberg



WRB: GlowPoint is a small company, publicly traded so that all of its results are visible to the world, and after 2-3 years of pushing IP video, has fewer than 1,000 subscriber locations. Not exactly a success story. What inspired you to take the CEO job?

DT: There were a number of areas of due diligence that “inspired” me to take the CEO role at GlowPoint – and I could walk through the standard responses of market opportunity and business model. And while these were critical to my decision, I don’t need to educate you either on the future potential of the video communications market or the obvious benefits of a subscription based business like GlowPoint. GlowPoint was a unique opportunity to take the reins of a public company that was reinventing itself with its exclusive focus on delivering video communications services. And the main factor that drove my decision was the GlowPoint service itself. The technology works, solves critical business challenges and in the 60

days I’ve been at the company, has literally transformed the way I personally conduct business.

WRB: Briefly, what did you do just prior to joining GlowPoint?

DT: Prior to joining GlowPoint, I was the president of StarBand Communications, the nation’s first satellite-delivered, two-way, high-speed Internet service for consumers and small businesses. The StarBand experience of building a brand, creating indirect channels and using online tools to improve the customer experience are all relevant to my plans at GlowPoint.

WRB: In your previous career positions, were you a user of videoconferencing. If not, what makes you now think videoconferencing is so important?

DT: That’s a great question. And my response was that I was a “frustrated” user of videoconferencing. And the frustration stemmed from relying on old ISDN technology. At StarBand, my office was located in McLean, Virginia. However, I had a large portion of my organization in Atlanta, Georgia. So, prior to having a videoconference with one of my teams, I would call our IT department – typically the day before – to let them know that I was going to have a video call the following day. Next, I would call at least an hour ahead of the call to confirm that everything was up and running. I would then go by the room a few minutes ahead of time to reconfirm that the engineers would have the line connected. Once the call started, I would have one of the engineers literally sit outside the conference room to get me back on the call when it would inevitably disconnect or freeze during the meeting. Not a very efficient – or spontaneous use of videoconferencing. To be honest, it was more productive for me to take a flight down to Atlanta than to conduct business using old videoconferencing technology.

So what has changed with GlowPoint? Videoconferencing is now a spontaneous and integral part of the way I do business – both with colleagues at GlowPoint, as well as with partners outside the company. GlowPoint makes videoconferencing as easy as picking up the telephone. You don’t need to be an engineer to make the call, and as a customer, you don’t need an MBA to figure out how much the call is going to cost. I am in control of my video use. It’s simple, I can call anywhere, and it isn’t expensive.

WRB: What do you see as the major challenges facing GlowPoint over the next year?

DT: The focus of the company is clear. As a new, independent company, we will be (1) “getting back to basics,” and (2) diversifying our distribution channels. My job is not to

look backwards – we were truly a different company when we were just a small piece of a larger business. Video communications and the GlowPoint service is now our core business. We will be making certain that as an independent company, all of our products, services and operations make it easy for our customers to use GlowPoint and do business with the company.

Second, we have challenged ourselves to diversify our distribution channels. With independence comes flexibility to partner with companies to expand our presence in the market. We continue to sell through Wire One, but have now expanded with other channels like our announced partners, CMS and AGT. We will continue to build our channels – and as importantly, to give our channels the tools and training they need to be successful in the market. We will continue with our indirect sales strategy, but will be very direct in the way we recruit, incent and empower our partners to drive GlowPoint sales.

WRB: Why do you think GlowPoint has so few customer locations signed up?

- a) The network quality isn't good enough?
- b) The solution is not compelling from a price perspective vs. alternatives?
- c) The value proposition of an overlay network is not attractive?
- d) Poor execution on the part of previous management?
- e) All of the above?

DT: It is clear to me that the GlowPoint value proposition is real – and appreciated by our customers. We need more feet on the street selling our product. As a newly independent company, we now have the ability to expand our distribution relationships and expand our presence in the marketplace. We have one exclusive focus as GlowPoint – and we can now deliver a crisper, more targeted message, increase our visibility and drive more sales through our current and new channels.

WRB: So, bottom line, you're saying it was a management problem.

DT: Well, the old corporate structure which included a hardware reseller and a network service provider couldn't go out and ask other hardware resellers to resell Wire One network services. You can't compete with your channels. That's why the independent GlowPoint company is such an important step. It was not a problem of management, but rather a problem for management.

WRB: What changes can GlowPoint customers expect over the next 12 months to their GlowPoint service?

DT: Well, as an independent company, this is really a re-launch, a new GlowPoint. Now, to some extent, our customers should expect more of the same – a video communications service that works and overcomes the frustrations and limitations of traditional ISDN. We also continue to add customer-driven services such as our “000” operator service. We are pushing the edge of the GlowPoint network into Asia, Europe and Latin America. That means that our current subscribers can call virtually anyone in the world – all those who are still using ISDN – and connect seamlessly without special codes or dialing patterns – and save upwards of 50% vs. traditional ISDN rates. And we are announcing new GlowPoint service packages and features in January, including flat-rate service plans and online tools so that our customers can manage their GlowPoint service more efficiently.

Another big part of our future plans involve a sophisticated, separate, on-line service that enables us to find, certify, and train resellers. Our focus is to get to more customers through more feet on the street, and to make those feet on the street customer-focused, GlowPoint-savvy, video experts.

WRB: GlowPoint is an overlay network strategy. The major end users seem to be looking at converged IP network strategies for their future communications needs. Do you worry that you are swimming against the tide with a technology strategy that has no long term future?

DT: GlowPoint has and will continue to stay on top of the technology trends that will impact our business. We have created a carrier-grade IP-based video communications service. Our customers demand a credible and aggressive QoS – 99.99% and a service delivery that facilitates and does not hamper their video communications. We have focused our network exclusively on video communications because that is what our customers have demanded. However, we will continue to address the growing use of and demand for other communication tools, like VoIP, that may make sense to bundle with the GlowPoint connection. However, convergence is only powerful and a true customer solution when the individual service components maintain their high quality and availability even when bundled together.

WRB: Even still. Global Crossing is back. AT&T is pushing their MPLS VPN services. Masergy has closed deals with many video resellers. These guys could squash you in the blink of an eye. How do you survive against the big guys?

DT: Call it what you will, we are the only ones putting all the pieces together – the network, the video applications, and a hardware compatibility story. We are delivering a total visual communications solution for the customer. We think this is what the customers want, and we think the other guys have their eyes on other targets. I am used to competing with larger and better funded companies, like AT&T when I was at MCI. And I am all for competition because I know as a focused and smaller company, I can respond faster and create a much better customer experience.

WRB: Thank you.

⇒ [WR Forums: 1:1 with David Trachtenberg, CEO GlowPoint](#)

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