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Cisco Does Video

It's been about a year since we heard Cisco top management declare that this would be the year for video. But when we heard video, we thought "videoconferencing." We thought wrong. Cisco put its money where its mouth is with a proposed \$6.9 billion buyout of Scientific-Atlanta, the company that makes your familiar set-top cable TV boxes. To put this in perspective, this dollar figure is about twice the market value of the entire videoconferencing industry. So it looks like Cisco is following its acquisition of Linksys home routers with a big buy in the home entertainment and video arena. We've heard a lot lately about IPTV (not sure why they don't call it video over IP, just as they call it VoIP and not IPVoice), so this move makes sense, putting the IP and networking technology giant clearly into the huge home entertainment industry with a thrust aimed squarely at technology and not content ownership. The possibilities for bundled voice, video, data, and entertainment are endless.

Federal Government Awards Largest IP Video/Audio Contract

The Defense Information Systems Agency (DISA) has awarded what appears to be the largest contract ever for IP video and audio conferencing services. The winner of the contract, estimated to be between \$50 and \$60 million is Northrop Grumman. Northrop Grumman in turn is using several subcontractors familiar to readers of this bulletin, including Cisco, RADVISION, and Criticom. Cisco's IP Video Conferencing 3540 Multipoint Control Unit (an OEM product from RADVISION) for video conferencing and MeetingPlace for video, voice and Web conferencing will be the foundation of the system. RADVISION, which will also be supplying middleware software to Northrop directly, estimates that they will see \$6-8 million in orders over the next year or so from this contract.

News in Brief

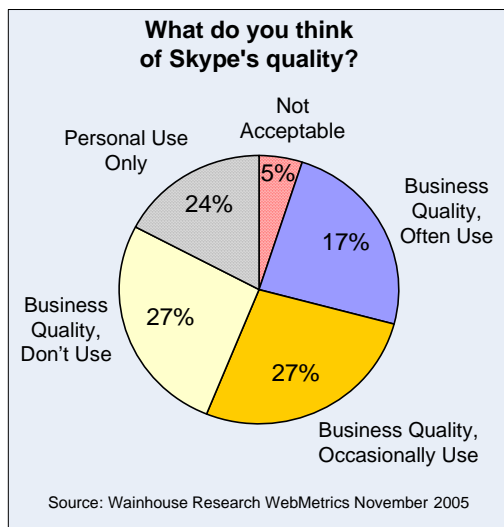
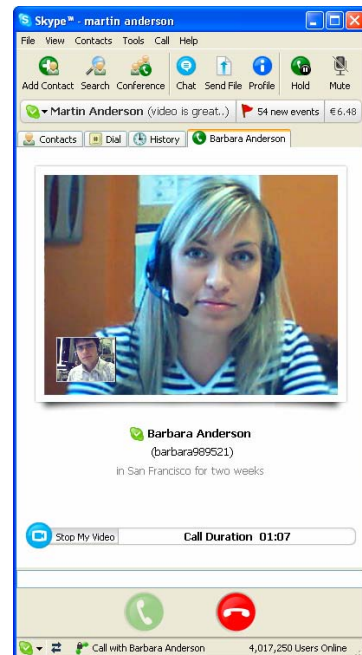
- MCI announced that it has been selected by Boeing to connect its employees worldwide via MCI's audio conferencing services. Under the terms of the multi-year agreement, Boeing will use MCI's suite of scheduled and reservationless audio tools to conduct meetings. MCI will provide IP and PSTN solutions that enable Boeing to lower its total cost of ownership, while taking advantage of best-of-breed technology. The IP enablement positions Boeing to expand capabilities as future growth and demand warrant.
- A large conferencing end user in Connecticut has reported to us that they are moving into the 20th century, having replaced 100 of their 110 PictureTel Concorde systems connected via 128 ISDN (remember SG3?) with brand new Polycom VSX 7000 series machines running on 384 ISDN. The transition took place over the past nine months or so. One lesson learned: It's faster and less trouble to order new 3BRI service from the carrier and then cancel the old single BRI service than it is to try to upgrade. With the money the company is saving on maintenance costs, they're planning on buying new buggy whips. Next in line: the transition to IP.

- Audio conferencing vendor Vapps has formed a strategic partnership with WebDialogs to integrate WebDialogs' web conferencing technology into Vapps' CB1000 audio conferencing platform. The combination will allow carriers to offer collaborative voice and data conferencing service simultaneously over the public network as well as IP networks.
- Macromedia has announced a partnership with Jabber aimed to draw business from the federal government beginning in early 2006. The two companies announced the forthcoming integration of Macromedia's Breeze Meeting with Jabber's Extensible Communications Platform (XCP). The integrated product will be marketed to the Department of Defense and other federal agencies. The collaboration will bring together web conferencing, instant messaging, chat and presence with users able to launch Breeze Meetings directly from Jabber XCP. *Comments:* The Adobe-Macromedia-Jabber party could be an interesting alternative to the Microsoft camp. Add in the fact that Jabber is also aligned with Google and the pot could start to boil over.
- AOL announced the launch of its new AIM Triton service. Available for download on AIM.com, the AIM Triton service is an integrated communications client that offers instant messaging, free email and SMS mobile texting as well as voice and video chat services.

- [Skype](#) has announced the beta version of Skype 2.0, which adds free video calling to its arsenal of standard features (a video add-on was previously available from Dialcom as a plug-in, see [WRB V6 #20](#)). Skype has licensed the video codec from On2 Technologies, and has partnered with Logitech and Creative to jointly market Skype video and offer Skype-certified Webcams. Also new to this beta release is a Skype toolbar for initiating calls from within Microsoft Outlook, contact grouping (a feature that should appeal to business users, ex grouping by company, project, expertise), and the ability to display your presence status and initiate Skype calls directly from a blog or personal Web site.

➔ [WR Forum: Videoconferencing with Skype](#)

- While on the subject of Skype, according to recent results published in our quarterly [WebMetrics](#) program, 70% of



panelists who had used Skype in the last six months found the service acceptable for business calls. Of this group, 17% used it often for business purposes while only 5% found the service unacceptable for business or personal use. The numbers aren't quite as overwhelming as they seem, though. Of all the panelists surveyed, only ¼ had ever used Skype, so the 70% who responded favorably represent a small part of the overall population. As much as anything, the results are indicative of what the future has in store. Web conferencing vendors are already tripping over each other in a race to provide VoIP offerings. This survey affirms the direction of their efforts and almost guarantees that the use of VoIP for business purposes will grow in the future. The results are also a strong indication that Skype is routinely delivering excellent VoIP service and helping to drive acceptance of VoIP in the business community.

- The Wainhouse Research Program Guide for 2006 is now available. [Click Here.](#)

WR Thought Leadership Seminar Series – December



Making Your PBX Work with Microsoft Live Communication Server

Speaker: Kenneth Chang - Director of Business & Strategy,
Genesys Telecommunications Laboratories

[Click Here
to Register](#)

Date: December 7, 2005, **Time:** 2:00 pm Eastern (New York)

When integrated with the enterprise voice system, LCS provides new functionalities information workers find extremely useful. However, integrating the traditional or next-generation enterprise PBX system with Microsoft LCS can be a daunting challenge, particularly as companies try to offer consistent LCS functionality while transitioning to IP telephony. This seminar discusses how enterprises can take advantage of the voice-enabled features of LCS using their TDM or Hybrid TDM/IP or pure IP solution.



In this Thought Leadership Seminar, you will:

1. Learn 11 useful things information workers can do with a telephony-enabled Live Communications Server that they could never do before.
2. Discover the business impact savings.
3. Understand some of the different ways TDM, IP, and IP Hybrid PBXs can be integrated
4. Witness a live demo of telephony-enabled LCS with Communicator

As Director of Business Development & Strategy for Genesys Enterprise Solutions Division, **Kenneth Chang** is responsible for the strategic direction of Genesys Enterprise Telephony Software (GETS) business and marketing.

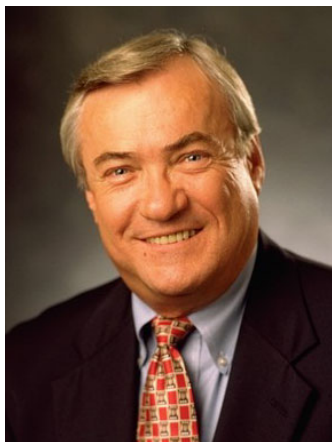


People & Places

Reflect Systems, Stephen Nesbit, COO.

The Whitlock Group, Michael Dennis, Strategic Accounts; Luke Jones, Videoconferencing Engineer

Jules Devigne



It is with great sadness that we report the death of Jules Devigne last week. Andrew chatted with Jules in September at the VON show and Jules was in great spirits, recovering from recent serious health issues. Jules Devigne had a long history in the conferencing industry and was one of the real innovators and movers and shakers in our little world. Before retiring in early 2003 to be a consultant, Jules was EVP at Polycom, and prior to that, CEO at Accord Networks, and prior to that VP worldwide sales at VideoServer.

We will all miss his drive, imagination, leadership, and congenial nature.

Conferencing & Collaboration Event Calendar	
WHEN & WHERE	WHAT & WHO
2006-April 19-20-21, Berlin, Germany	WR European Forum Conferencing, Collaboration, and Next Generation Meeting Tools
2006-July 19-20-21, Boston, MA	The Wainhouse Research Summit – 2006

Corrections & Misunderstandings

Microsoft's CEO Carl Eckstein writes to correct us that rumors of management software company Microsoft's death are premature (Renovo Software story in [WRB V6 #39](#)). Maybe it was the website, which lists executives we knew are long gone. Maybe it was the last press release datelined Narnia. Either way, he assures WR that Microsoft continues to maintain existing customers and that it too has been in rebuilding/retrenching mode. We look forward to hearing what's coming in 2006.

Alan Greenberg, agreenberg@wainhouse.com

Letters & Numbers

Andrew: I read your interview with WireONE ([WRB V6 #39](#)) today and have some comments. I agree with Leo that the on-site support model is too expensive a solution for most customers and doesn't scale. The ratio of (# of events) to (# of support personnel) is cost prohibitive if you want to give the end users the best support. To save costs, some service providers and customers try to stretch the support personnel, which ultimately lead to bad end user experiences and low utilization. Since a majority of video endpoints are underutilized, one should conclude that a majority of customers are unwilling to pay a premium to fix the problem. Why should they? Companies like WireONE and AGT should strive to lower the total cost of ownership.

Where I disagree is with WireOne's approach to the solution. First, let me explain that AGT has about the same number of on-site personnel (50+) as WireONE does in their Strategic Staffing group. As I'm sure WireONE has done, we have studied our respective customers to learn how we can improve our service. I guess we came to different conclusions – their ONWARD technology that Leo described doesn't go far enough. It's too hard for end users to support yet another third-party scheduling system and it's too limiting to provide endpoint status as a support mechanism. As a result of understanding the customer experience, we began investing in different areas a couple of years ago.

My philosophy is straightforward – instead of trying to build a stronger help desk, why not fix the areas that require support? What if we could actually design a video service that required minimal, if any, end user support? Why is this impossible? We don't think it is. Our analysis of the type of support calls we are getting from end users – how to connect sites, add non-VTC endpoints, poor video quality, etc. – concluded that a lot of the issues that create end user frustration are preventable. Granted, the solutions don't completely exist from the manufacturers (if they did, end users would have certainly bought and implemented them by now), but that's AGT's value to market. As a software company with proven managed services expertise, we're redesigning and innovating the support model – not the products customers use, but how they use them. Our goal is to get users self-reliant with video conferencing by changing the way they interface with it. The result will be less support calls, which will lead to less help desk requirements, which leads to reduced costs. Based on customer response, our current implementation of this philosophy is proving to be right on track.

Mike Valletutti, CEO, Applied Global Technologies

Andrew: I read with some amusement the questions and comments made in the article titled “RADVISION Introduces PathFinder and H.460.17”. As a neutral observer, I thought I would offer some insights.

H.460.17 is a new specification that was approved at the same time as H.460.18 and H.460.19. RADVISION did initiate the work on H.460.17 quite some time before TANDBERG brought a proposal to produce what it now called H.460.18. RADVISION’s work was not delayed, it’s just that the ITU-T SG16 only meets every 9 months or so to approve text and RADVISION brought their proposal to one meeting and it was approved at the next. During interim meetings the text was refined. H.460.18, on the other hand, appeared at an interim meeting and was progressed on the same approval schedule as RADVISION’s H.460.17.

Anyway, on the political part

H.460.19 requires H.460.18, because Polycom and TANDBERG wanted it that way. The official position is that H.460.18 and H.460.19 are the H.323 NAT/FW traversal specifications and anything else, including H.460.17, is an optional method that may be employed. There are certain situations where H.460.17 may prove to be more beneficial than H.460.18. For example, if a device would like to protect the RAS messages via TLS, then H.460.17 would be the means by which a device could do that. As for technical superiority, I don’t think anybody can claim that H.460.17 is technically superior to H.460.18. It also has its weakness, including scalability. TCP generally requires more resources than UDP. As such, a device employing H.460.17 may likely require more resources than a device providing the same functionality using H.460.18. RADVISION might claim one is technically superior and I suspect TANDBERG would claim the other.

Do people care? Yes. Is testing more expensive? Yes. So what will be the end result? I suspect that most will implement H.460.18/19 and H.460.17 will be implemented by few companies... at least as a NAT/FW solution. Perhaps it might be implemented for security or other reason.

The cost certainly does not look appealing, but I suspect this will be adjusted over the next year. In theory, there is no need to have a device inside the enterprise at all. However, a proxy device may be installed inside the enterprise in order to work with devices that do not have direct support for H.460.18/19. My understanding, though, is that Polycom and TANDBERG both plan to add direct support to endpoints, alleviating the need for any special hardware inside the enterprise. A service provider would then only need a single GK outside to handle a given number of calls. (I would certainly hope it is far more than 10, as that’s a very puny number.)

Warm regards from behind the firewall in Baghdad.

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