High definition in the news……for the second week in a row
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Andrew W. Davis, andrewwd@wainhouse.com

LifeSize Ignites High Definition Fire

If you think product pricing is a major issue for videoconferencing buyers (which our research suggests is still true), then you have to believe that this announcement from LifeSize could be not just a major milestone in the company’s history, but also the most significant product announcement in the videoconferencing industry since the ViewStation announcement of long ago (1997). Simply put: LifeSize Express is a full HD videoconferencing system with support for 30 fps, 1280x720p resolution, H.239, and complete with HD PTZ camera and MicPod microphone, for an astonishing and very affordable MSRP of $5,999. Yes indeed, high definition videoconferencing for under $6K list. Whatever one’s justification has been for not moving up to HD, it’s undoubtedly time to start looking for new excuses.

Between the recent LifeSize software release (V3) and a series of major and minor hardware realignments, the LifeSize high definition lineup (the company is focused on HD-only) now includes three separate video codec products as shown in our table.

The original LifeSize Team ($7,999) will be available for ordering. The “old” Team is not upgradeable to Team MP, which has a new motherboard and new backplane. Team and Express are broadly similar in capability – point-to-point, single screen, and single camera. Team is available only with the Phone and has a few additional video inputs.

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<th>LifeSize Express</th>
<th>LifeSize Team MP</th>
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<td>$5,999 with MicPod</td>
<td>$8,999 with MicPod</td>
<td>$11,999 with Phone</td>
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The Wainhouse Research Bulletin
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Also included in the LifeSize announcement is an interesting twist on the telepresence situation. LifeSize Conference, which, in our humble opinion, is a telepresence kit, should be of great interest to those AV integrators we all know and love. Conference ($39,999 MSRP) is a set of three LifeSize codecs and cameras with the appropriate audio peripherals, plus a wireless control panel and software that turns the three separate codecs into an intelligent telepresence subsystem. Conference does not include any flat panel displays, speakers, ceiling lights, or posh high tech Scandinavian ash tables with matching fancy upholstery chairs, but instead gives channel partners the level of technology that allows them to highlight their added value (AV integration). Conference also gives integrators the flexibility to provide customers with a room design that best meets their needs.

**Here’s What I Think:** While high definition videoconferencing still has its doubters, don’t count Wainhouse Research in that group. For just about any conference room situation we’ve seen, HD provides demonstrable video image advantages, and while HD resolution requires more bandwidth, the HD systems provide image (and often audio) advantages even at 384 and 512 kbps, non-HD conferencing. It’s hard for me to believe that any serious IT, facilities, or conferencing decision maker (see below) will be purchasing non-HD systems by the beginning of 2008. And with systems like LifeSize Express, price is no longer an issue.

Express raises an interesting business question. LifeSize revenues have been growing at an astonishing rate for the past year (the company claims a 250% annual growth rate). Now, with a new system selling for half the price of the company’s flagship LifeSize Room, LifeSize is betting that Express will open the floodgates for new orders from new customers and will not cannibalize sales of the company’s higher end systems. This is a big risk, and we applaud the company for taking HD videoconferencing to the mainstream price level.

The LifeSize management team played a similar game almost ten years ago in an earlier life. At that time they introduced a product with equivalent performance but selling for much less than the industry-leading competition. The new product (ViewStation) was a market disrupter and ate the competition’s (respective) lunch. LifeSize’s management team is positioning their company as a clear market disrupter, first with the introduction of an HD videoconferencing system (April 2005) and now with Express – an HD system priced below the actual ASP for the overall videoconferencing industry. LifeSize’s products are clearly out in front of the mainstream market, and LifeSize’s management clearly understands that it is better to eat your own lunch than to let someone else eat it.

Three cheers for a full 720p (108,000 macroblock system for the technically inclined) system selling for under $6K. What’s in your conference room?

WR Forums: New LifeSize Express

Visit [www.wrplatinum.com](http://www.wrplatinum.com)
It’s Official: Office Communications Server 2007 Now Available

Amid fanfare and celebration in San Francisco, Bill Gates and Microsoft celebrated the official release of Office Communications Server 2007 (OCS) 15 months after it was initially announced. Key enhancements to OCS over its predecessor Live Communications Server 2005 include 1) an Enterprise Voice capability designed to replace telephone PBXs by Microsoft software, 2) a premise-based version of Live Meeting for web conferencing, 3) multipoint IP voice and video, 4) a quality of experience server (as opposed to quality of service) to ensure high quality communications, and 5) new administrator capabilities to make deploying and maintaining the system easier.

Here’s What Brent Thinks

Microsoft has set its sights high as it tries to gain a foothold in the nearly $10 billion dollar telephony market. The company is trying very hard to create a unified communications solution that runs entirely on software. Time will tell how well OCS truly scales and how it performs in production environments. A number of large companies are planning deployments, e.g., Intel, Shell, and BHP Billiton. In our in-depth report, we caution organizations deploying OCS 2007 about some important voice capabilities the current implementation does not address and a few non-standard or unorthodox implementation issues. Microsoft has a history of knocking off market leaders: Microsoft Excel wiped out Lotus 1-2-3; Microsoft Word vanquished WordPerfect, Internet Explorer effectively killed Netscape. Will it become a dominant telephony platform? Although OCS 2007 has limitations, this new release offers some compelling features, and we expect it to improve in subsequent releases. Stay tuned to see if the market adopts and ultimately embraces OCS as it has the Microsoft Office suite of office productivity tools.

It’s Also Official: New Wainhouse Research Report on Office Communications Server 2007 Now Available

Wainhouse Research has released its latest report titled Microsoft’s Software-Powered Unified Communications Strategy: A Critical Assessment of Office Communications Server 2007 and its Fitness as an Enterprise Communications Solution.

This report provides an impartial, third-party review and analysis of Microsoft’s software-powered unified communications strategy. It explores the new OCS 2007 platform and Communicator client interface, describing the capabilities in detail. The analysis focuses on the architecture that makes integration possible and discusses which PBX vendors have integration strategies. The study describes nine strengths Microsoft has in the unified communications marketplace as well as four key weaknesses. Wainhouse Research shares its opinion on six areas where companies moving to OCS should exercise caution, particularly with respect to enterprise voice communications and presence. The report analyzes Microsoft’s competition, including IBM and Cisco, and it concludes with an assessment of Microsoft’s chances for success in the unified communications market.

For further details on this report - including a free executive summary & table of contents - and/or to order an electronic copy for your organization, visit www.wainhouse.com/ucreports or call Sara Fargo, WR Client Services, at +1 781 934 6165.

Riding Microsoft’s Coat Tails

The week’s news would not be complete without other vendors announcing capabilities in support of OCS 2007. These include:

- Genesys Telecommunications Labs (Alcatel-Lucent) – Genesys Enterprise Telephony Server (GETS) will allow users of OCS 2007 to leverage telephony-enabled presence and
control, in combination with new or existing telephony systems, to deliver advanced services without replacing their infrastructure.

- TANDBERG announced its plans to make its full line of standards-based products interoperable with Microsoft Office Communications Server 2007.
- Others jumping on the comet’s tail through announcements or in some way involved in the Microsoft launch included Bell Canada, BT Global Services, Dell, HP, Nortel, Dimension Data, and Global Crossing.

**SightSpeed Launches SMB Videoconferencing Service**

SightSpeed, long popular for its free consumer videoconferencing service, has launched SightSpeed Business, a videoconferencing service specifically geared for small-medium businesses. In essence, SightSpeed Business requires a webcam and Internet access and either a Windows PC or Macintosh. Businesses pay $20/month per seat or $190/year per seat for the service, which provides a buddy list to make calling simple, and access to the PSTN for audio calls.

Other features of the service include unlimited one-to-one video calling and unlimited 4-way multipoint (the multipoint today forces all users down to the lowest common bandwidth, but this is scheduled to be upgraded to speed matching in the future), unlimited video mail and video blogging with extended recording time and unlimited storage, voice and video mail for incoming calls with email notification, unlimited PC-to-PC voice calling plus 500 free US and Canada calling minutes to any landline or mobile phone, toll-free in-bound telephone numbers and local numbers and live, face-to-face video and voice support.

The SightSpeed software itself provides small images at 30 frames per second with excellent lip sync and supports up to 640 x 480 webcams; in-call collaboration features, including file sharing and multiple video screen viewing modes (with screen sharing scheduled for the next software release); an administrative console for central user set up, management and reporting; simple purchase of call minutes, custom phone numbers and multi-user licenses, and the ability to record, publish and archive live video calls and conferences. My test call produced excellent video and mediocre audio (but good lip sync) in a 256kbps call that according to the SightSpeed diagnostic meter consumed half of my CPU resources. The tech guys at SightSpeed tell me that call quality will improve all the way up to 1Mbps, but after 512kbps the improvements are minimal, so that 512kbps is the software’s sweet spot right now.

*Here’s What I Think:* If you look at the success of Salesforce.com and WebEx for that matter, you can see how hosted services can resonate with many conferencing and collaboration buyers. VidSoft announced a service in a similar space in August, and we expect others to follow. The selling points are compelling: 1) the power of today’s PC and the reasonable
quality of today’s webcam make videoconferencing very acceptable; 2) the software and services today integrate well with collaboration applications or include collaboration within the same user interface; 3) more and more enterprise workers are falling into the “mobile” category and applications that reside on the Internet-connected laptop make the most sense. If there is a cloud in the SightSpeed SMB plan, it might be the inability to connect a remote laptop to an industry-standard room system, something our surveys indicate is important to personal videoconferencing users (our survey, however, was not limited to SMB respondents).

A point to ponder: SightSpeed has been around for a while – the then-CEO was a speaker at our 2004 Collaboration Summit. And while the privately-held company won’t reveal its revenues or number of customers, they did share with me that based on an internal survey of their own users (most of whom are using the free service), they believe that over 30,000 customers are using SightSpeed for business purposes already. So the key question is how many of them will pony up for the paid, feature-enhanced service, even at the low $20/month fee.

2007 Rich Media Metrics Survey Results

The results from the second of our 2007 surveys are now available. While the first survey focused more on Unified Communications interests and plans, our second survey centers on videoconferencing. The results of one question show that high definition videoconferencing has had a dramatic effect on the market in the past year. In the 2006 survey, 4% of the respondents indicated that they had some HD products in deployment; this figure has swelled to 23% in the 2007 results. Those who expect to deploy within one year rose from 14% to 23% as well.

Winners of the $50 Amazon gift certificates include Alain E, University of Ottawa (Canada), Jorg W, ViDOFON GmbH (Germany), Audrey A, Randolph-Brooks Federal Credit Union (USA), Ben N, Penikin Inc. (USA), Ingemar S, University of Kalmar (Sweden).

For details on purchasing the full report, please email sfargo@wainhouse.com.

News in Brief

- Avaya announced its fourth fiscal quarter and fiscal year 2007 results, increasing quarterly revenue to a six-year high of $1.43 billion, up 4.8% year to year. Net income was $35 million with GAAP-basis eps of .08 cents. The company shipped a record number of IP lines and over one million IP lines for the sixth consecutive quarter. Sales of products increased 7.8 percent, including a 9.5 percent increase in converged voice applications revenues. Services revenues increased 5.4 percent and rental and managed services revenues declined 10.6 percent. Revenues for fiscal 2007 were $5.28 billion compared to $5.15 billion last year. The weaker U.S. dollar favorably impacted international regions, and accounted for the revenue increase. Avaya also confirmed that the acquisition of the company by affiliates of Silver Lake Partners and TPG Capital is scheduled to close by the end of October.

- West Corporation announced its third quarter 2007 results. For the third quarter ended September 30, 2007, revenues were $531.1 million compared to $473.2 million for the same quarter last year, an increase of 12.2 percent. Revenue from acquisitions (InPulse, CenterPost, and TeleVox) accounted for $33.9 million of the $57.9 million increase during the third quarter and $134.8 million of the $200.2 million year-to-date increase. At September 30, 2007, West had cash and cash equivalents totaling $112.6 million and working capital of $175.4 million.
Citrix Online and Sage Software have teamed to deliver Peachtree Online Meeting powered by GoToMeeting, and Peachtree Remote Access powered by GoToMyPC. This relationship is targeting Sage’s 2.8 million small and mid-sized business customers who typically use its accounting, operations, CRM, HR, and other software tools.

Persony, a developer of Flash-based web and video conferencing software, has announced a low-cost offering of its Web Conferencing 2.0 that leverages Amazon Web Services. Persony has created a solution that uses open-source web and video servers, such as Apache and Red5, which can be hosted on Amazon Web Services at a cost of .01 cent per participant hour or $1 per hour for 100 participants. The Persony cost does not include a one-time software license fee that starts at $199 for a single-host license with unlimited 10-person meetings. A single-host license for 100 participants is $699 one-time. Persony Web Conferencing 2.0 allows meeting participants to share their desktop, webcams, photos, presentation slides, whiteboard, streaming video, and audio without downloading special software. Persony targets its software to customers or service providers who typically provide their own hosting servers.

AMD Telemedicine announced that it has created a (mobile) Deployable Telemedicine Kit that includes a general examination camera, digital electronic stethoscope, digital otoscope, digital spirometer, digital ophthalmoscope, ultrasound, 12-lead ECG, and AMD Image Management System. With the kits, mobile healthcare providers would have the ability to send photo images of inner ear/nose/throat, trauma to extremities, soft tissue injuries, captured ultrasound images, digital 12-lead electrocardiograms, digital lung capacity reports, and heart or lung sounds. This appropriate data would be sent to medical specialists via satellite, Internet, or ISDN, who could then provide an evaluation and/or consultation for remote victims using live videoconferencing or store and forward applications.

Aethra has announced that it has partnered with BCC Global to provide corporate-level managed videoconferencing services worldwide. With HQ in London, BCS Global is a leading provider of managed videoconferencing services. Through the partnership, Aethra intends to offer managed multi-way, HD-capable videoconferences over dedicated IP networks.

Brainshark, a provider of on-demand communications, and Alinean, a provider of IT Business Value Selling solutions, announced a partnership to help B2B organizations improve sales effectiveness by integrating Brainshark’s on-demand communication capabilities into Alinean’s ROI/TCO business case proposals. The combination of Alinean’s ROI Analyst and Brainshark rich media services will enable sales teams to build their business cases and deliver these in their own words to their prospects. Integration means that Brainshark’s voice-enriched presentations can be forwarded as an email link and viewed by the prospect at their convenience.

SPIRIT DSP announced the availability of TeamSpirit Voice&Video Engine PC Version 3.0 for telecommunications, cable and broadband service providers. The TeamSpirit Voice&Video Engine PC 3.0 delivers voice and video over IP networks to a broad range of PC-based communication applications. The TeamSpirit Voice&Video Engine PC 3.0 is a complete, pre-integrated IMS-ready solution that encapsulates wideband voice and video processing. It supports next generation IMS features: 3gp voice/video sharing, voice/video recording, 3gp playback/record, RTSP/SDP protocols and push-to-talk.

People & Places

Aethra, Tim Chapman, Country Manager Australia and New Zealand

Comverse Technology, Inc., John Bunyan, Chief Marketing Officer

iLinc, Frank Gartland, vice president product development and technology

Internap, Jim Leach, vice president of marketing and sales operations
CSP Summit Almost Sold Out: 29 October in Boston

This year’s CSP Summit features a lineup of speakers who will address the need for CSPs to innovate in services and service delivery to achieve further growth. We’re bursting at the seams. Very few spots are left so if you are on the fence about attending, get off and join us.

We have exciting speakers lined up from IBM, Verizon, Global Crossing, and many other companies, as well as presentations scheduled from WR’s own Brent Kelly, Andy Nilssen, and Marc Beattie. WR encourages CSPs and their partners to join us for this event to expand your thinking and spark new ideas to grow your business.

This year’s session has been scheduled just one day prior to the Fall VON Boston conference so conference attendees can conveniently attend both conferences. For full details, agenda, and registration see www.wainhouse.com/cspsummit.

Point Nine User Forum, Wednesday, 7th November, Philadelphia, PA

Unified Communications (UC) – So much more than desktop video!

Understanding the options and formulating a UC strategy

The final US meeting of the year for the Point Nine User Forum will be hosted by Reed Smith, LLP at their offices in Philadelphia on 7th November (free gala dinner on Nov 6.) We will be discussing all aspects of UC - the key players, the strategic alliances, their solutions and the key factors to take into account when considering a successful UC strategy. In addition to the UC managers of major multi-national organizations sharing their knowledge, Wainhouse Research’s own leading UC specialist, Dr. Brent Kelly, will be providing his thoughts and views on what is happening in the market.

The Point Nine User Forum is open to all conferencing and UC managers. For further details including the agenda and registration information, please visit www.wainhouse.com/point9.

This meeting is closed to the vendor community other than our P9 sponsors. We have a limited number of sponsorship places available. If you are interested in sponsorship, please contact Sara Fargo at sfargo@wainhouse.com for further information.

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