

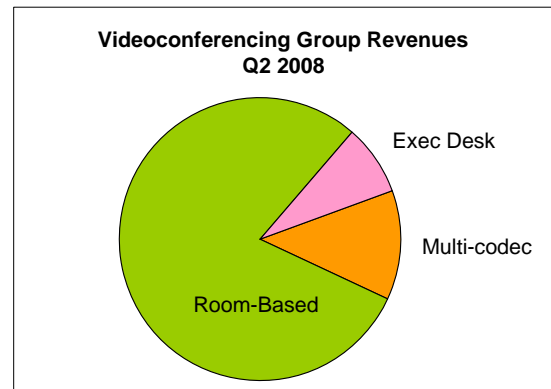
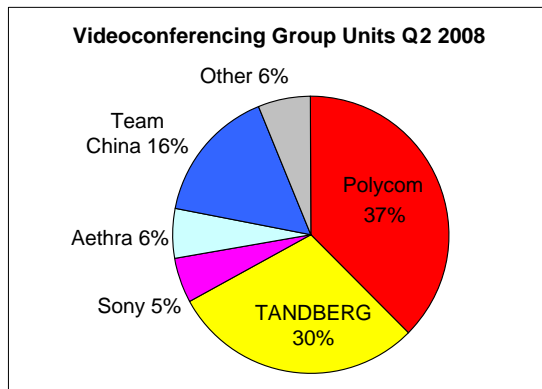
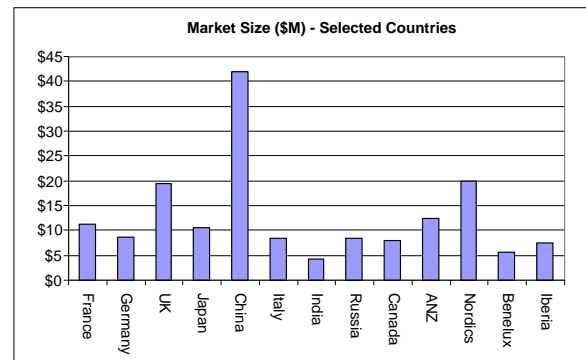
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Videoconferencing Industry Statistics - Q2-2008

Our Q2-2008 SpotCheck Videoconferencing report is now available. Contact Sara Fargo, sfargo@wainhouse.com, if you would like to subscribe. This quarter's statistics revealed strong growth in AsiaPac despite weakness in Japan, strong revenue growth in the Nordic region, strong annual growth for executive desktop systems and sequential growth for video infrastructure. Many other details, including an analysis of the multi-codec "telepresence" impact, are contained in our 20-page quarterly report.

	Q2-07	Q1-08	Q2-08	Sequential Growth	Annual Growth
Endpoint Revenues	\$262.3	\$308.6	\$324.9	5.3%	23.9%
Endpoint Units	49,043	53,615	55,664	3.8%	13.5%
Infrastructure Revenues	\$76.4	\$67.4	\$87.2	29.2%	14.0%



Wheeling & Dealing

With all the excitement around telepresence and unified communications, and all the interest in reducing business travel and carbon emissions, the M&A activity in the conferencing and collaboration industry has certainly heated up. In addition, we sense there are some enterprise giants out there on the sidelines who are thinking about entering the game.

Nortel Acquires Pingtel

Brent Kelly, bkelly@wainhouse.com

Nortel has acquired Pingtel Corp., a designer of software-based unified communications solutions. Pingtel is best known for its open source SIP-based IP PBX, branded as SIPxchange. No purchase price was announced.

Here's how the relationship solidified. Nortel had previously developed its BCM line of hybrid PBXs for the small to medium business space, one of the leading PBXs in this space. About a year ago, Nortel was looking for a pure IP telephony solution to which Nortel could transition BCM users. Nortel OEM'ed Pingtel's SIPxchange open source PBX, added some features, wrapped it in IBM's WebSphere environment, and launched it in the market as the Nortel SCS 500. Key to this launch was two new channels for Nortel – Dell and IBM. The Nortel SCS 500 is available online from Dell much like one would order and buy any new PC.

Well, the product has gained momentum in this channel and Nortel needed to secure the source code; hence, it acquired Pingtel. Another twist on this acquisition is that Pingtel gives the SIPxchange source code away free, but if an organization wants any support, they have to license the commercial version of SIPxchange from Pingtel. This gave Pingtel a very low cost way to acquire qualified leads. Nortel has now acquired this global open source channel. The source code will remain open source, and Nortel/Pingtel controls the contributor check-in process. The company will continue to offer code developers a joint copyright on any enhancements.

CallWave Acquires WebMessenger

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CallWave, a company best known for its Internet Fax, voicemail-to-text service, Internet answering machine, and wide-band audio conferencing service, announced that it has acquired WebMessenger, an enterprise mobile messaging software and services company. WebMessenger has been gaining traction in the market for its mobile client/server software that delivers Microsoft's Office Communications Server's IM and presence capabilities to mobile handsets running Symbian (Nokia), RIM (BlackBerry), Palm, and Windows Mobile operating systems. (See our Research Note titled, "[WebMessenger, OCS in the Palm of Your Hand](#)" for more details.) CallWave has integrated WebMessenger's device independent mobile technology into a new product branded Fuze that provides "HD" video collaboration on the desktop or the mobile device, wide-band audio conferencing, IM, and presence. The audio conferencing solution interfaces with Skype and offers unlimited Skype audio conferencing. Fuze will be available later this fall.

Tandberg in Play?

Bloomberg News reports that Tandberg ASA said it was approached by an unidentified private-equity company and agreed to enter "preliminary discussions" about a possible bid. This could really shake up the conferencing and collaboration industry.

News in Brief

- Three leading unified convergence technology companies – Tango Networks, AirWalk Communications, and Tatar Systems – have collaborated to deliver an enterprise-focused fixed-mobile convergence solution employing femtocells. If you recall from our [Mobile UC Report](#), femtocells are small cellular access points that route cellular calls to the cellular carrier network over a broadband or enterprise IP network. Why would you want to use a femtocell? A femtocell solution can boost indoor mobile phone signal strength to 5 bars everywhere in the enterprise, eliminating poor coverage areas and dead spots (i.e. can you hear me now?); furthermore, the carrier will often provide features at a discounted rate when a person is using the femtocell. An example would be unlimited in-country long distance using the mobile phone and reduced rate international long distance. (In the consumer space, for example, T-Mobile already offers a femtocell solution to its users. For an additional

\$10/month over a normal monthly cell phone plan, in-door femtocell users on T-Mobile's network get unlimited long distance in the US and Canada.)

The joint solution makes it possible for the mobile operator to provide policy management services for all on-campus calling from mobile phones to be kept local to the enterprise network. The Tango Networks' Abrazo server provides the enterprise with communications services and intelligent routing capabilities. The AirWalk EdgePoint femtocell provides soft handoff capabilities between femtocells in the enterprise, enabling seamless roaming capability. The Tata Convergence Server enables the mobile carrier's service to be delivered using SIP over the Web to the femtocell, including calls and text messages to subscribers' mobile numbers and handovers to/from the macro-cellular network. These combined capabilities open the door for mobile operators to tailor special tariff policies for enterprise customers using in-building femtocell solutions. Expect this new enterprise femtocell solution from a carrier near you later this year or in early 2009.

- Avistar has been granted two U.S. new patents: 7,398,296 and 7,412,482. These further expand Avistar's intellectual property coverage in the areas of login-based VoIP services and text-based instant messaging. Avistar owns and continues to develop a portfolio of 82 patents covering presence-based interactions, wireless communications, desktop video, recorded and live media at the desktop, instant messaging, multimedia documents, data sharing and service-rich video network architectures. In an unrelated announcement Avistar revealed that it has entered into a technology agreement with LifeSize. The agreement provides for Avistar to integrate its technology into LifeSize's HD room videoconferencing systems and to provide technology and intellectual property licensing to LifeSize and its distribution network. Financial terms of the agreement were not disclosed.
- Go Telecom and The Sound of Data have joined forces to introduce Virtual Meeting, a managed and hosted HD videoconferencing solution. The hosted service includes an online scheduling tool as well as standing meeting rooms for subscribers.
- Aethra has introduced several new enhancements for the company's Vega X7 high definition system. These include support for IPv6; new functionality for the embedded MCU - at 512 kbps the video coding used is H.264-448p, while at 768 and 1152 kbps the video coding used is H.264-720p; and an RTP firewall that performs a test on the source IP address: incoming RTP is accepted only if its source address is the same as the system managing RTCP control traffic for that channel.
- Premiere Global Services reported Q2 consolidated net revenues increased 17.1% to \$161.6 million. Conferencing & Collaboration Solutions, the largest of the Premiere's five solution sets, reported revenues of \$113.7 million, up 31.4% on an annual basis.
- Ezenia reported Q2 revenues of \$1.7 million, down 30% on an annual basis.
- MASERGY introduced its Managed Remote Access in the Cloud service for enterprise customers to experience the benefits of SSL VPN Remote Access without considerable capital and operating expense and without reconfiguration of the corporate network and applications. The solution offers access to corporate files, applications and resources through a portal from a standard browser.

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Wrap-Up ... a good time was had by all



Our 8th annual Collaboration Summit provided attendees with a view into a wide range of solutions ranging from telepresence to data collaboration as well as a chance to network with colleagues and industry experts. Vendors participating in our Technology Showcase included AGT, Avistar, BT, Compunetix, Dialcom, Emblaze-VCON, Global Crossing, IBM, Juniper Networks, Masergy, NetBriefings, Radvision, Siemens, SMART Technologies, Vidyo, York Telecom.



Keynote speaker Andy Lippman from MIT's Media Lab, with his combination of humor and insight, had the audience raptured with his views of the future of digital life, social networks, and context-sensitive communications.



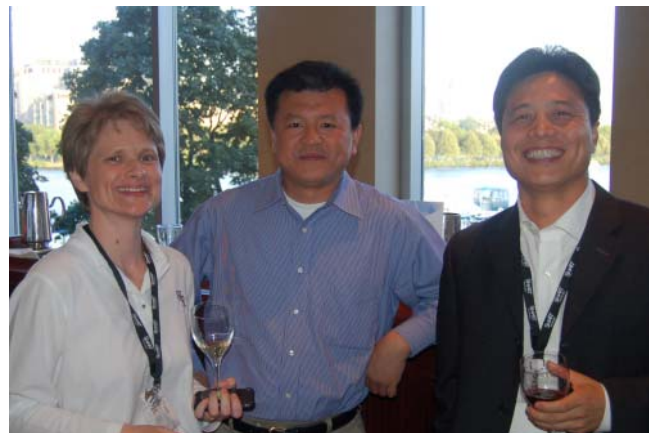
The Technology Showcase gave attendees a chance to hear twelve rapid fire presentations and see 17 different demos of conferencing and collaboration applications.



An important part of the Summit experience is the opportunity to network with vendors, customers, and prospects.



A panel discussion at the end of each conference day provides an opportunity to synthesize the day's observations, compare observations and conclusions, and entertain audience questions.



Networking opportunities at the Summit transcend national and international boundaries.

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