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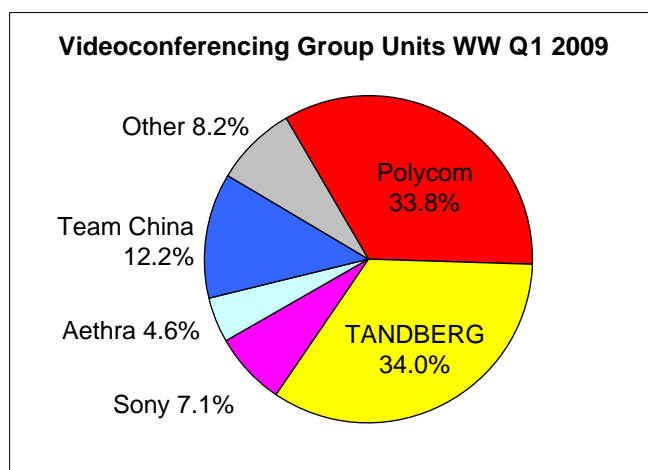
Q1-2009 Videoconferencing Industry Statistics

	Q1-08	Q4-08	Q1-09	Seq Growth	Annual Growth
Room-based Revenues	\$280.4	\$342.2	\$258.7	-24.4%	-7.7%
Executive Desktop Revenues	\$28.2	\$32.6	\$26.2	-19.6%	-7.1%
Total Endpoint Revenues	\$308.6	\$374.8	\$284.9	-24.0%	-7.7%
Infrastructure Revenues	\$67.4	\$107.1	\$83.34	-22.2%	23.6%
Room-based Units	45,000	54,017	39,777	-26.4%	-11.6%
Executive Desktop Units	8,615	8,857	9,072	2.4%	5.3%
Total Endpoint Units	53,615	62,874	48,849	-22.3%	-8.9%

The worldwide economic slump finally caught up with the videoconferencing industry. When comparing Q1-09 to Q1-08 (annual growth) six of the eight top videoconferencing vendors turned in negative growth numbers, including Polycom and Tandberg, both of whom were covered in detail in our last newsletter. So, while visual communications can help replace

travel, cut operating costs, speed decision making, and reduce greenhouse gas emissions, it also falls in the shrinking capital expense budget tied to the “losing confidence” stream fueled by foreclosures, headcount reductions, credit freezes, and other economic maladies. In short, we haven’t seen a quarter this bad since Abe Lincoln was in the White House. The only positive notes we can observe on a global basis are in the video infrastructure department. The executive videoconferencing category is interesting, with units up and revenues down, a development we believe was created by price cutting and by Tandberg’s introduction of its E20 machine.

Also noteworthy, for the first time in our memory, Tandberg took the #1 market share position based on group videoconferencing *units*. We suspect that this is also due to the E20 beginning shipments during Q1 and to Tandberg’s including that system in the “room category,” a designation subject to interpretation certainly. This is not to take away from the fact that Tandberg has been gaining steadily on Polycom quarter by quarter for several years. Both Polycom and Tandberg gained market share this quarter, however, based on uncharacteristic weakness on the part of Team China (TC). The “other” category, which includes LifeSize and several others, also continues to grow.



News in Brief

- SMART Technologies announced the official opening of its new headquarters and research center in Calgary. The building is a candidate for Gold certification under Leadership in Energy and Environmental Design (LEED) guidelines, an internationally recognized standard of environmentally sustainable design and construction, and has ample room for expansion beyond the company's current 750 Calgary employees. The 19,602 m² building cost over CDN\$60 million to construct and is expected to become one of only nine buildings in Canada to meet LEED Gold certification criteria. Hats off to our friends in Canada.
- City Information Services Limited (CityIS Ltd.), the global visual communications company, has been awarded ISO9001 certification for its UK operation.
- While targeting the security industry with its announcement, Texas Instruments is demonstrating something that might impact visual communications overall. The company is demonstrating a single processor that can encode eight channels of H.264 main profile at D1 resolution (720 x 480 progressive at 30 frames per second). Silicon advances continue – ultimately leading to higher performance and lower product costs at the same time.
- Avistar has entered into a technology agreement with Logitech. Similar to deals the company signed last year with IBM and LifeSize, this agreement provides for Avistar's technology to be integrated into Logitech's video communications services while extending Avistar intellectual property licensing to Logitech. Logitech, if you recall, acquired 25-person SightSpeed in October, 2008 for about \$30 million in cash. Look for more SMB and consumer-focused video services and more marketing from Logitech in the future.....
- Bob Fine, formerly IT and videoconferencing strategy guru at Conservation International has started a new company, The Cool Blue Company, that is focused on twitter and the use of that communications tool in the enterprise. Bob will be running a series of one-day Cool Twitter Conference events and twitter boot-camps. Tweet tweet.
- Glowpoint announced the ability to provide B2B telepresence and video calling capabilities across carrier networks for customers using Polycom systems. Glowpoint's Telepresence interExchange Network (TEN) allows organizations, using Polycom standards-based telepresence and videoconferencing systems, to leverage network and video managed services provided by their existing carrier partners to connect with their customers, partners and vendors on other carrier networks.

Comments: There's been lots of hype and confusion recently around the issue of B2B video connections. You have to think of this problem in two dimensions. First you have the traditional B2B problems with IP networks and firewalls ... can company A place a video call to company B? There are of course technical issues, and many vendor solutions, so it's possible, but maybe not so easy. Long term, we think the carriers need to step up the plate and get involved here. Right now most of them provide B2B connectivity, if at all, only if the two B's are already on the carrier's network. Second you have the challenge of can a multi-codec system from vendor A connect with a multi-codec system from vendor B? (You generally won't have this problem if you are using a single codec system – also known as a room videoconferencing system – that adheres to industry standards like H.323.) Multi-codec-to-multi-codec connectivity is far from being a given, although Teliris claims to have solved the problem in the general case and Tandberg has announced solutions in the specific case of T3-to-RPX and T3-to-TPX calls. Kudo's to Glowpoint for jumping into the fray here. Stay tuned for more in this area from WR.

- In a related release, AT&T announced provisioning of a fully-managed solution in China enabled by "Cisco TelePresence." In collaboration with local service providers, the solution allows companies in China to connect to their customers, suppliers and partners (as long as they are on the AT&T network and using products from Cisco). Extension to H.323 solutions is coming soon but appears to be limited to intra-company calls only. Go figure.

Videoconferencing to Music

One of the more interesting presentations this year at the PUG annual conference (see calendar page 5) will be by Christianne Orto of the Manhattan School of Music (MSM). MSM is taking the distance out of distance learning, thanks to its unique vision for educating music students and its extensive use of HD solutions. Use of visual communication solutions helps MSM connect world renowned instructors and professional musicians with students who otherwise might never have access to top-flight performance talent. For MSM's distance learning program to be successful, delivering a true-to-life experience was a must. Chief among its concerns was audio quality. They faced many challenges that needed to be overcome. For example, features like noise suppression and automatic gain control are helpful when you're trying to hear someone speak, because they work to eliminate ambient noise. But when you're listening to music, that cymbal crash isn't nearby traffic noise you want to muffle, it's a crescendo you want to hear. Christianne's presentation will focus on the use of a new generation of audio-video equipment for interactive music performance including Music Mode; however, this is only one of the possible applications for the new technology in the education and distance learning segment.



Breakthrough Pricing from Vidyo



Scalable video coding pioneer and industry disrupter Vidyo has introduced the HD-50 videoconferencing system. Priced at just \$1,995, the HD-50 codec supports 720p resolution and dual monitors – one for video and one for data collaboration. Users will need to add a USB camera and typically a USB speaker/microphone to make a fully functional endpoint. Add it all up, and you are probably looking at \$2,500 for an HD videoconferencing system. The fact that this one runs on lossy networks like the Internet just adds icing on the cake. The new product features the same intuitive, directory driven, GUI as Vidyo's other products and is operated with an IR remote control.

Vidyo's architecture is different from that of the other players. Vidyo conferences are initiated with "one-click" entry into a private meeting room through the VidyoPortal. Since the HD-50 offers full and automatic integration with the VidyoPortal user database, there is no need for the user to maintain a local address book. Users will also need access to a VidyoRouter to make calls.

The VidyoRouter improves network utilization efficiency by sending along only as many packets as an endpoint is capable of handling, due either to limitations in bandwidth, processing power or screen resolution. The VidyoRouter constantly tests and recalibrates what it should be passing along ensuring that each endpoint is provided with the highest quality video it's capable of receiving – even as local conditions change from one minute to the next. Each VidyoRouter supports up to 100 HD ports. Ports may move among a set of VidyoRouters and can be managed by a single VidyoPortal.

The business model for the VidyoRouter is also different. The price is \$1,000 per port per year for an HD port. In order to promote HD and to introduce customer's to Vidyo, the company announced a "try me" program – buy a port for \$1,000 and if after the first year you decide to go back to SD videoconferencing, the port converts to an SD port and the annual license is converted to a *perpetual* SD license. Vidyo is clearly betting that after experiencing HD, customer will not want to go back to SD.

⇒ [WR Forum: VidyoRoom HD-50 \(for Under \\$2,000\)](#)

New Device from Tandberg: Talk to your attorney first!

Tandberg added to its video product portfolio with the introduction of the Tandberg Compliance Appliance (TCA), a video recording appliance designed to help organizations manage risk and comply with anticipated video archiving regulations. TCA, the result of several year's research into recording requirements, targets financial, legal, education and healthcare markets. The system automatically records every aspect of a video call, including all participant views and shared multimedia; assigns meta data to each video file; transcodes the file; and transfers the file to the customer's Storage Area Network. (A four-way multipoint call for example would be captured as four recordings.) The solution works seamlessly with any standards-based video network and, to ensure every call is documented, the recording process does not require any action by meeting participants. Other features include: each recording is assigned a checksum to ensure recording authenticity; records up to fifty 720p30 resolution point-to-point calls at 1MB simultaneously, automatically announces that the call is being recorded; and terminates calls in the event recording stops.

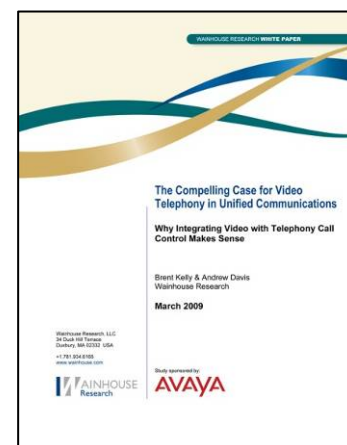
Report from the Road

There's been a very strange sight seen on the roads of Europe this last month. A large red truck with the Polycom logo emblazoned on its sides has been driving across Europe stopping in 6 countries and 10 different cities as part of the 'Polycom Live' Roadshow. **Wainhouse Research's Richard Norris** caught up with truck at its last stop at Stamford Bridge, home of Chelsea Football Club in London, to take a peek inside. *Here's what he discovered.....*

The grande finale of the afternoon was undoubtedly the 30 minute telepresence session from a Polycom TPX suite that had been built inside a large lorry. So impressive was the studio that I soon forgot I was actually in the back of a truck! David Stirling, Polycom's Telepresence Business Development Manager, hosted the telepresence link back to their Slough offices but, unlike most of the audience, I was familiar with the TPX so I slipped outside to find out more on how this was achieved. The 'TPX in a Truck' is a completely self-contained unit. No connections need to be made to any on-site infrastructure. Power is provided by a generator and telepresence connectivity is made over a 4MB satellite connection. It takes 3 engineers less than 4 hours from the truck reaching its destination to being ready for use. Amanda MacDonald of Polycom's EMEA Marketing Team told me that approximately 500 business partners and end-users had visited the truck during the 10 city, 4-week Roadshow and for many this was their first experience of telepresence. The only stranger sight to be seen this day was on the adjacent soccer pitch as the Chelsea team trained under the close scrutiny of 25 nuns!

New Whitepaper from Wainhouse Research

Check out "*The Compelling Case for Video Telephony in Unified Communications: Why Integrating Video with Telephony Call Control Makes Sense*". To enable video telephony, video endpoints must be able to register with and be controlled by a call control engine, typically an IP PBX or telephony server. Integrating control of the video endpoints into the domain of the telephony server removes the silos between enterprise telephone systems and enterprise video systems and provides a consistent calling model. We show how video fits into an overall unified communications strategy and framework, and we provide the ROI and customer evidence to illustrate that video telephony is useful to real businesses. Visit www.wainhouse.com/whitepapers to download your free copy.



Mark Your Calendar: July 28-29 in Boston



The date for our annual Collaboration Summit in Boston has been changed. The two day conference at the Royal Sonesta Hotel on the Charles River will take place JULY 28-29. Whether you are a supplier, channel partner, customer, or industry guru, this is the one collaboration event you can't afford to miss. Details at www.wainhouse.com/boston09.

Topics on this year's 18-session agenda include: 1) driving innovation in distance education with unified communications and videoconferencing; 2) enterprise collaboration in the cloud, 3) mobility and the enterprise future, 4) unified communications challenges, 5) challenges and benefits of SIP trunking, 6) It's 2014: what does your visual communications implementation look like? 7) network and video challenges faced by the large enterprise, 8) overcoming the benefits of managed services, and 9) a deep look at the videoconferencing future.

More details in next issue. As always, our summit will feature two no-holds barred panel discussions. Come prepared to listen, learn, question, and have fun.



People & Places

Astound Conferencing, **Kevin O'Brien**,
Managing Partner

Dialogic, **Dr. Jeffrey Bloom**,
Director, Video Technologies

The Cool Blue company, **Robert Fine**,
co-founder and editor-in-chief

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Event Calendar

Conferencing & Collaboration Events	
When & Where	Who & What
June 17-19; Orlando, Florida, USA	IMCCA at InfoComm
July 28-29; Boston, MA, USA	Wainhouse Research Collaboration Futures Summit
October 11-14, Anaheim, CA USA	Polycom User Group Annual Conference
October 26, Boston, MA USA	Wainhouse Research CSP Summit
April 20-21, 2010 , Berlin, Germany	Wainhouse Research Collaboration Summit

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