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Andrew W. Davis, andrewwd@wainhouse.com

Cisco Bombshell Rocks the Industry

On October 1 Cisco announced an agreement to acquire Tandberg for \$3B in cash. Measuring just over 9.0 on the Richter marketing earthquake scale, the acquisition, which is expected to take six months to pass EU regulatory agencies, combines the muscle, clout, and high level access of Cisco with the video expertise, superb product line, and videoconferencing expertise and channel partners of the industry's video revenue leader. When all is said and done, Tandberg will become the center of video excellence for Cisco. So, while a \$3B acquisition isn't huge by Wall Street standards, it is absolutely humongous in its likely impact on the videoconferencing, collaboration, and unified communications markets. This includes vendors, channel partners, and strategic alliances.

The Tandberg logo, consisting of the word 'TANDBERG' in a bold, black, sans-serif font.

Here's What I Think. We've already published a short research note summarizing our thoughts just hours after the announcement. It is available free on www.wrplatinum.com. Part two is coming soon. Here is an even shorter summary.

Winners: This is going to be a good deal for the market and for the customers, assuming that Cisco doesn't try to reshape the conferencing industry into its own proprietary images. If they were going to do that, however, I don't think they would have acquired Tandberg. Instead, I think we will see the best of both Tandberg and Cisco worlds brought together. That's my fervent wish at least.

Losers: The immediate and obvious loser is **Radvision**, with its largest customer now certainly going to go away and move its video infrastructure solutions to the Codian platform. But Radvision, with its SCOPIA platform and SCOPIA desktop, could become an attractive acquisition target on its own.

Things to Watch: **Polycom** is the obvious center of attention here. For those companies in the "anybody but Cisco," **ABC** camp, Tandberg loses all its appeal, and Polycom is the obvious replacement. So Polycom could benefit. But the fact is that Polycom now faces a stronger, even more fierce competitor, and that can't be good. And it's hard to believe that alliances like Polycom-**Microsoft** or Polycom-**Avaya** or Polycom-**IBM** can produce the products, sales and marketing muscle, and channel partner strength that an outright acquisition can produce. So, Polycom looks to be weakened by this deal, unless of course someone decides that Polycom is an attractive acquisition target; someone who can go up against the Cisco-Tandberg goliath.

Our guess: Microsoft doesn't want to get into the hardware business – maybe it should buy Radvision. Avaya is owned by Silver Lake and is currently consumed with digesting the Nortel pieces it recently bought. IBM isn't that serious about video and more likely to focus on Sametime and Sametime-based managed services.

The partnerships: The Cisco deal is certain to fracture partnerships all over the map. We believe

the Tandberg-Microsoft alliance is already headed for divorce court. And it's hard to imagine HP wanting to do business with Cisco on the video front, although stranger things have happened when it comes to sometimes clueless HP. IBM is an impenetrable cloud here – strategically aligned with Cisco in many areas (unrelated to video) and competing with Cisco in others (collaboration in the cloud). We think this alliance will survive – IBM just announced a managed service around Cisco's telepresence line, so the addition of Tandberg technology to the Cisco price list might actually strengthen this relationship. Stay tuned. If you missed it, you can still catch the [webcast recording](#).

Channel partner issues are a whole new story here. Whether you were an existing Cisco partner or Tandberg partner, things are surely going to change. Probably for the better, but Tandberg partners are already nervous, and rightly so. Just one week before the Cisco announcement, Tandberg announced “a strategic” relationship with Siemens Enterprise Communications Group – this partner will probably bow out is our guess. This and other such relationships will be reviewed under the ABC rules. Yes indeed, we live in interesting times.

[↔ WR Forum: Cisco is acquiring Tandberg](#)

Say Hello to LifeSize Passport

LifeSize Communications has done it again – broken into new territory. This time with an HD videoconferencing system for \$2499 with fixed focus camera (\$3499 with PTZ). LifeSize Passport, at 1/3 the size, 1/3 the weight, and 1/3 the price of any other system in its class, is also nearly portable. But wait, as they say on TV – there's more. The system supports SIP and H.323 and Skype protocols. LifeSize Passport enables Skype audio calls to the more than 480 million registered Skype users. And while LifeSize doesn't say this, our inside spies lead us to believe that Skype video support is not far behind. This solution could be the key to open up videoconferencing to the SMB unwashed masses.

Vidyo Intros VidyoOne

Scalable video coding experts Vidyo have introduced a new videoconferencing solution dubbed VidyoOne, a package that includes all of the Vidyo components needed to deploy VidyoConferencing in a small to medium size organization, all contained within a single, compact 1U appliance. This includes a VidyoRouter, VidyoPortal server, VidyoDesktop downloads and multipoint conferencing ports. The VidyoOne appliance may currently be purchased with 5 ports and 25 user seats for \$7,000 or with 10 ports and 50 user seats for \$14,000. The price includes server hardware and perpetual software licenses. VidyoOne includes an investment protection plan - customers requiring additional capacity can return their VidyoOne package within one year for full credit toward the purchase of an expandable system.

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WR CSP Summit – Boston 2009

When: Monday, October 26, 2009

Where: Hilton Logan Airport, Boston, MA

Agenda, details, and registration:

www.wainhouse.com/cspsummit



Time is running out and space is limited - this event sold out last year!

Register before October 15th for the 7th annual Wainhouse Research Collaboration Service Provider (CSP) Summit and save \$100 on admission.

On Monday, October 26th Wainhouse Research CSP Summit will present: "The Changing Landscape – How to Capitalize on New Markets for Collaboration Services" and prepare for the future of the conferencing & collaboration industry. The day-long event will feature **11 expert speakers** and is also intended to provide an unparalleled opportunity for guests to network with peers and technology partners in collaboration services.

Speakers include ...



David Seavers, CEO & Co-Founder Aonta Technologies

David's presentation, "Is Now the Time for CSPs to Deploy "bridges" into their Customer's Premises?" will discuss if there is a stronger case for CSPs to federate CPE bridges with the cloud as more employees begin teleworking. Does the possibility of a pandemic or extreme weather events further enhance the business case? This session will explore what needs to be fully considered in managing on premise and hosted services for clients.



Rob Hughes, Senior Vice President of Worldwide Sales, Vidyo

In Rob's session, "What Video Services Best Fit the CSP Model?", he will explore the idea that while it is clear video is an increasingly important customer topic for CSPs, how do CSPs choose which video services make sense to market to customers? When selecting a video strategy, client relationships, core competencies, and service control need to be considered. Simply reselling another provider's managed video services may not be the best option. This session will explore what is involved in providing managed video services and offer an alternative with better account & service control, margin, and client satisfaction.

Visit www.wainhouse.com/cspsummit to review the full agenda - it is filled with timely topics presented by industry experts – you won't want to miss it!

This is a great time to be in collaboration services – and you should make the most of the opportunity.

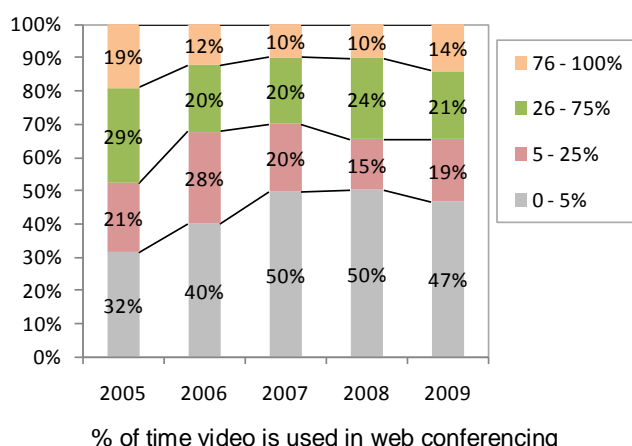
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New WR Survey: Video Use in Web Conferencing Turning Corner?

WR has just delivered its 1H 2009 WebMetrics survey report which tracks user trends and preferences for web conferencing.

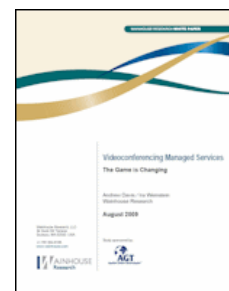
Among the findings is an indication that the use of video, which actually decreased for a few years, may now be increasing. Over the past year, those that use video in over 75% of their web conferences increased from 10% to 14%, and those that don't use it (<5% of conferences) decreased from 50% to 47%. The data leads us to conclude that, up until 2007, many early adoptors tried video using webcams, eventually grew tired of the novelty, and "dropped" the habit. Starting in 2008 and continuing in 2009, the usage of video stabilized and now shows an uptick. Perhaps the improvement in compression quality, availability of ample bandwidth, an increase in the number of video-enabled offerings (Skype & AOL, Live Meeting, WebEx), improvements in web cam quality, and a change in user attitudes / demands has (finally) taken hold. We will be watching this closely going forward.



Much more to learn in the WebMetrics report. An executive summary may be downloaded from www.wainhouse.com/webmetrics.

New Whitepaper from Wainhouse Research (FREE)

Over time, many organizations have realized that videoconferencing can be quite complex, and that supporting a videoconferencing service is not core to the enterprise's expertise or business model. Hence, many savvy organizations are looking to managed service providers with videoconferencing expertise to support their environment. Videoconferencing Managed Services – the Game is Changing, sponsored by Applied Global Technologies (AGT), discusses the three game changing factors that video MSPs are using to deliver benefits to organizations using videoconferencing. Get your free copy at www.wainhouse.com/whitepapers.



Event Calendar

Conferencing & Collaboration Events	
When & Where	Who & What
October 11-14, Anaheim, CA USA	Polycom User Group Annual Conference
October 26, Boston, MA USA	Wainhouse Research CSP Summit
October 28, London, UK	An interactive journey through videoconferencing
April 20-21, 2010, Berlin, Germany	Wainhouse Research Collaboration Summit
July 20-21, 2010, Boston, MA	Wainhouse Research Collaboration Summit

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