

## NEWS AND VIEWS ON REAL-TIME UNIFIED COMMUNICATIONS

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### Three New Announcements from the Videoconferencing Guys

They say everything happens in threes. Last week was an interesting intersection of events and announcements with Tandberg and LifeSize both hosting their EMEA Partners' Conferences while the Polycom User Group (PG) hosted the organization's annual conference. Naturally, the manufacturers made some important product announcements to keep everybody on their toes. So, in reverse alphabetical order.



*Profile 65: with dual displays*



*Telepresence T1*

**TANDBERG:** The major new public product announcement was the Telepresence T1 system, a true single screen version of the company's T3 system. Within a few days however, Tandberg followed up with a vastly expanded Profile Series, the company's sophisticated-design systems intended to provide improved eye contact, leading-edge performance, and simplicity of installation. All Profiles now include Tandberg's NPP (presenter software). The product line gets a bit complicated, so we will try to graph it out.

|                          |  |   |
|--------------------------|--|---|
| Profile 42" with C20plus | This is a new system using the C20plus codec, includes support for Multiway but not MultiSite.   | \$21,900  |
| Profile 42"              | This is not a new system; based on C60 codec, includes MultiSite support and multimedia sharing.   | \$38,900  |
| Profile 52"              | Not a new system.  | \$44,900 (1 screen)<br>\$56,900 (2 screen)            |
| Profile 65"              | This is a new product, and is essentially the old T1 system with a C60 codec replacing the C90. The dual version of this has to be seen to be believed; at first glance you might think it was a T2!                               | \$65,900 (1 screen)<br>\$99,000 (2 screen)            |
| Telepresence T1          | This is a one screen version of the T3. The product includes a table, lighting, and the new touch screen control system and software. A room build-out with walls and blue screen background is optional, as is a document camera. | \$139,000 system<br>\$36,000 immersive room build-out |

**POLYCOM:** Polycom announced two new infrastructure platforms, the ATCA-based RMX 4000 MCU (\$152K and up) and the RSS 4000 (\$22.5K), a high-capacity recording and streaming server. Key features of the MCU include support for up to 320 video calls and 1600 audio calls, support for 1080p, optimizes the experience for all participants in a call by transcoding resolutions, frame rates and layout options, and connects multiple networks. Key features of the RSS 4000 include offers multiple video resolutions up to 1080p for high quality recordings, provides up to 15 simultaneous full video, audio and content conference recordings per server, and delivers multiple streams in both standard definition and high definition resolutions and supports unicast and multicast content distribution options.



**LIFESIZE:** Clearly focused on being the disruptive presence in the videoconferencing market, Lifesize introduced a new generation of products bearing the moniker “220” that takes the company’s price/performance metric to a new level. LifeSize is claiming a series of industry firsts, including the first embedded HD MCU supporting up to 8 sites; the first HD video system with embedded HD MCU for under \$12,000, and the first HD video communications system for under \$7000 supporting 1080p30 and 720p60. Dual display support, integrated content sharing and LifeSize Adaptive Motion Control are standard features on 220 series products. The LifeSize 220 series includes LifeSize Express 220 (\$6,999), LifeSize Team 220 (\$11,999); and LifeSize Room 220 (\$16,999).

## News in Brief

- Ciena is making a bid (\$521M) for Nortel Networks optical networking business. Avaya paid \$915 million for the enterprise business unit of Nortel; Ericsson bought the wireless network business for \$1.13B. So, if the Ciena deal closes, what’s left?
- Tiny meetyoo conferencing in lovely Berlin Germany has become the fastest growing Microsoft PBOS partner for Germany, Austria, and Switzerland. Meetyoo.de offers video and audio bridging services but is moving fast into hosted UC services. Can this be a wave of the future?
- A telepresence interoperability event was hosted at the Internet2 Fall Member Meeting in San Antonio, TX. A description of the discussion session and presentations [can be found here](#). This event demonstrated interoperability among Polycom, Tandberg, LifeSize and Sony telepresence and HD systems, with 1,2,3 and 4 screens.
- HaiVision Network Video is establishing a direct presence in Dubai, U.A.E., appointing Mohammed Ghafari as vice president of Middle East operations.
- Two weeks after making a bid for Tandberg, Cisco is making a \$2.9B bid for Starent, providing Cisco with an entrance into the LTE and mobile core infrastructure market.

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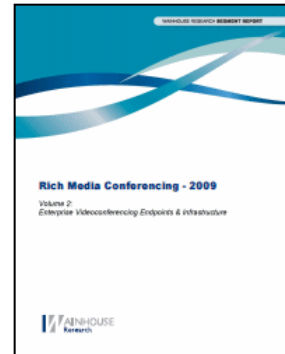
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## New Studies from Wainhouse Research

### Annual Videoconferencing Industry Study Now Available

*Rich Media Conferencing Volume 2: Videoconferencing Endpoints and Infrastructure* is now available. This annual report from WR includes a market description detailing product segments and market drivers, a five-year industry forecast, and brief overviews of the top 25 vendors based on market share, vision, or innovations. A summary and table of contents are available at [www.wainhouse.com/rmc](http://www.wainhouse.com/rmc). Contact [sfargo@wainhouse.com](mailto:sfargo@wainhouse.com) for further details.

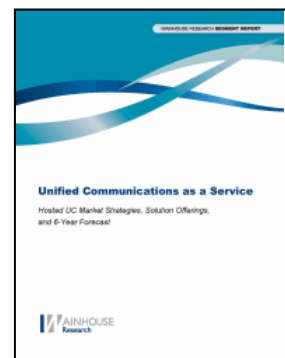


### New Study Analyzes the Delivery of Unified Communications as a Service (UCaaS)

The latest WR Unified Communications study describes the hosted UC market and the forces driving companies to host, rather than house, their UC solutions. *Unified Communications as a Service: Hosted UC Market Strategies, Solution Offerings, and 6-Year Forecast* is a unique analysis that compares the TCO of a hosted UC solution to a premise-based solution over a three-year operating period.

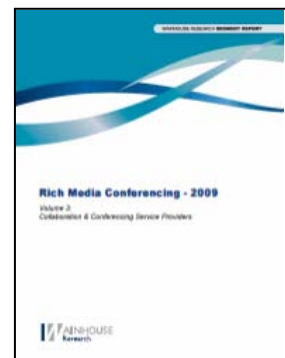
Hosted unified communications is a nascent opportunity at the cusp of becoming a big business. While WR estimates the current market to be less than \$200 million, robust growth is projected. All of the vendors with established unified communications as a service (UCaaS) offerings are reporting double-digit growth. WR forecasts this sector will become a \$5 billion business by the end of the forecast period.

The report by distinguished WR analyst Brent Kelly reviews 16 hosted unified communications solutions including those from hosted messaging providers, hosted VoIP vendors, carriers, and from the major premises-based UC providers - Microsoft, IBM, and Cisco. To read the Executive Summary and review the Table of Contents of this report please visit [www.wainhouse.com/ucreports](http://www.wainhouse.com/ucreports).



### New Global Review of Collaboration Services

With the release of *Rich Media Conferencing, Volume 3, Collaboration Services*, Wainhouse Research offers a regional market analysis of the audio, web, and video bridging services markets in North American, European and Asia/Pacific. This largely quantitative review of those regions includes current market sizing by service type, a 5-Year forecast, and a review and analysis of 95 CSP companies. For additional information, see [www.wainhouse.com/rmc](http://www.wainhouse.com/rmc) or contact Client Services Manager, Sara Fargo at [sfargo@wainhouse.com](mailto:sfargo@wainhouse.com).



## WR CSP Summit – Boston 2009

When: Monday, October 26, 2009

Where: Hilton Logan Airport, Boston, MA

Agenda, details, and registration:

[www.wainhouse.com/cspsummit](http://www.wainhouse.com/cspsummit)



The CSP Summit is THE industry conference for service providers who currently offer or are considering offering online Unified Communications, Collaboration, and Conferencing. If you go to only one conference this year, the CSP Summit is the one to attend to learn about new opportunities for growth, network with peers, and explore new services with technology partners.

Don't Miss Your Chance to attend the 7th annual Wainhouse Research Collaboration Service Provider (CSP) Summit. Time is running out!

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.

### Speaker Summary (see [full agenda here](#))

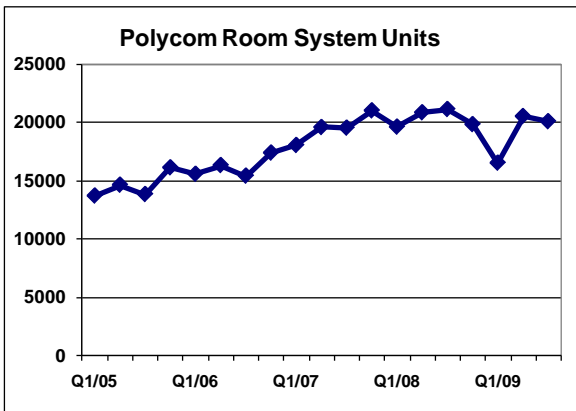
|  |                                 |
|--|---------------------------------|
| Keynote: The Changing Landscape – How to Capitalize on New Markets for Collaboration Service | Marc Beattie/Wainhouse Research |
| Virtual Worlds in the Enterprise – New Developments in Immersive 3D Conferencing             | David Gardner/Venuegen          |
| Are You There? – Acoustic & Graphical Speaker Localization                                   | Bill Gardner/Wave Arts          |
| The Engine Behind UC – Mobile Groups – How Mobile Workers Drive New Services                 | Jerry Pompa/Compunetix          |
| Breaking the Sound Barrier, Why it is Time for HD Voice                                      | Michael Eastman/Wyde Voice      |
| What's Next? How to Extend Your Conferencing Platform for New Service Offerings              | Ray Adensamer/RadiSys           |
| Finding Your Place with Cisco's Plans, Products & Programs                                   | Mike Batross/WebEx              |
| Google Eyes Collaboration- and Other Market Disruptions                                      | Marc Beattie/Wainhouse Research |
| Unified Communications as a Service: Friend or Foe?  | Brent Kelly/Wainhouse Research  |
| Is there an Opportunity for CSPs in Hosted UC?   | Brent Kelly/Wainhouse Research  |
| Is Now the Time for CSPs to Deploy "Bridges" into their Customer's Premises?                 | David Seavers/Aonta             |
| What Video Services Best Fit the CSP Model?  | Rob Hughes/Vidyo                |
| Networking Cocktail Reception  | ALL                             |



# Dollars & Sense

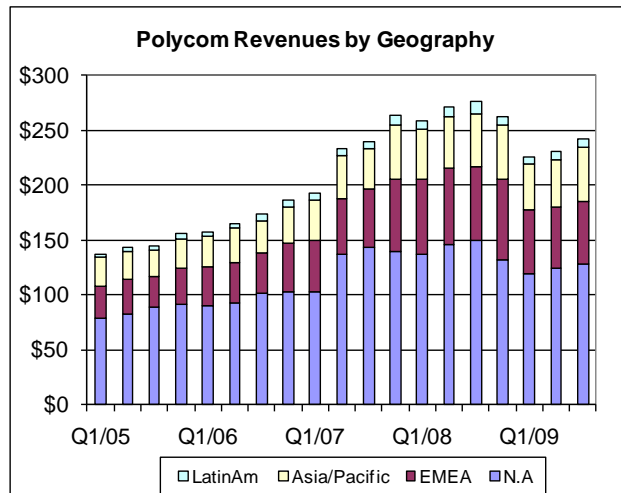
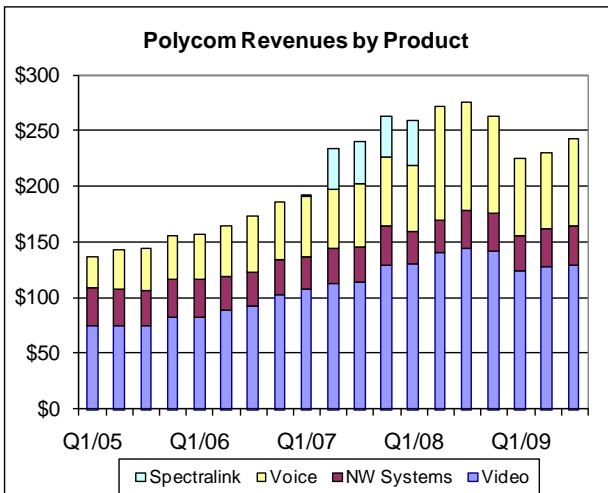
## Polycom Q3-2009

I guess we don't know what to say about Polycom's Q3 numbers. The good news is sequential growth across the board – nice positive numbers; annual growth figures are more problematical. And the video revenues and units are not particularly strong numbers no matter how you look at them. Voice had the nicest pop for the quarter, but on an annual basis the voice numbers are depressing. Telepresence units and revenues were down both sequentially and annually, although no numbers were offered. On the financial earnings call, the theme for which we would say was “In Andy Miller we trust,” the company talked about five key initiatives Andy and his Tandberg alumni crew are managing: 1) Go To Market strategies focused on joint sales and marketing, 2) partnerships (read Avaya, Microsoft, HP, and the like); 3) service providers (read carriers); 4) telepresence; and 5) professional services. Polycom management was very adept at highlighting the opportunities Polycom now has based on the impending (but still uncertain) acquisition of Tandberg by Cisco.



| PLCM             | Q3-08          | Q2-09          | Q3-09          | Sequential Growth | Annual Growth |
|------------------|----------------|----------------|----------------|-------------------|---------------|
| Video            | \$144.2        | \$128.7        | \$130.0        | 1.0%              | -9.8%         |
| Network Systems  | \$33.9         | \$33.0         | \$35.0         | 6.1%              | 3.2%          |
| Voice            | \$97.7         | \$69.0         | \$78.0         | 13.0%             | -20.2%        |
| <b>Total Rev</b> | <b>\$275.8</b> | <b>\$230.7</b> | <b>\$243.0</b> | <b>5.3%</b>       | <b>-11.9%</b> |
| Group Units      | 21,126         | 20,522         | 20,080         | -2.2%             | -5.0%         |
| <b>Op Inc.</b>   | <b>\$22.7</b>  | <b>\$21.4</b>  | <b>\$18.1</b>  | <b>-15.6%</b>     | <b>-20.4%</b> |
| North America    | \$149.7        | \$124.7        | \$128.4        | 3.0%              | -14.2%        |
| EMEA             | \$67.6         | \$55.9         | \$56.2         | 0.5%              | -16.9%        |
| Asia/Pacific     | \$48.4         | \$43.2         | \$50.2         | 16.2%             | 3.7%          |
| Latin America    | \$10.2         | \$6.9          | \$7.8          | 13.2%             | -23.4%        |

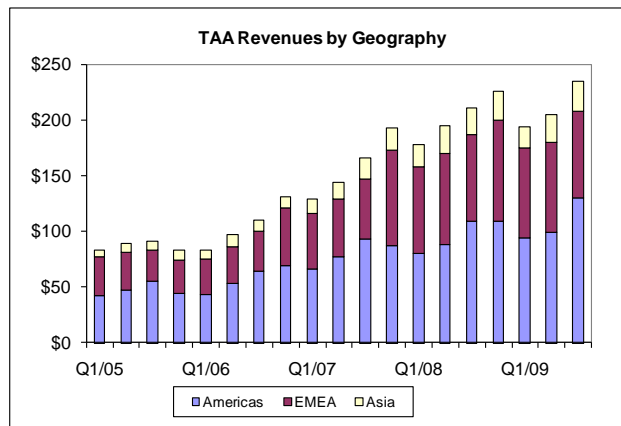
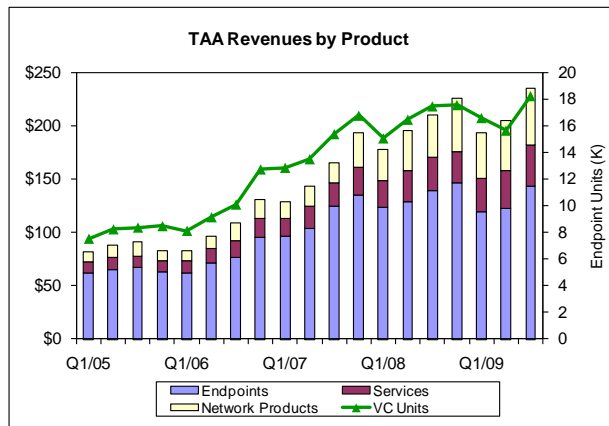
Note: About 15% of Polycom's total revenues are in services and are distributed within the voice, video, and network systems numbers reported above.



## Tandberg Q3-2009

Tandberg turned in impressive numbers this quarter, returning to positive annual growth numbers across all fronts, and lead by the Americas. The infrastructure business for Tandberg continues to lead the market in both growth rate AND market share, difficult arithmetic to maintain. Of interest again this quarter is that the video units grew slightly faster than the video revenues, indicating an overall ASP decline. This is due undoubtedly to a product mix shift between Tandberg's OEM units, E20 units, telepresence systems, and conference room systems. Too many variables to hazard a guess here. Tandberg also reported that 68% of revenues in the Americas came from the public sector and 32% from commercial accounts.

| TAA              | Q3-08          | Q2-09          | Q3-09          | Sequential Growth | Annual Growth |
|------------------|----------------|----------------|----------------|-------------------|---------------|
| Americas         | \$109.1        | \$99.0         | \$129.7        | 31.0%             | 18.9%         |
| EMEA             | \$77.4         | \$80.7         | \$78.1         | -3.2%             | 0.9%          |
| Asia             | \$23.8         | \$24.9         | \$26.9         | 8.0%              | 13.0%         |
| <b>Total Rev</b> | <b>\$210.3</b> | <b>\$204.6</b> | <b>\$234.7</b> | <b>14.7%</b>      | <b>11.6%</b>  |
| Endpoints        | \$138.8        | \$122.8        | \$143.1        | 16.6%             | 3.1%          |
| Services         | \$31.5         | \$34.8         | \$38.3         | 10.1%             | 21.4%         |
| Infrastructure   | \$40.0         | \$47.1         | \$53.3         | 13.3%             | 33.4%         |
| <b>Op Inc</b>    | <b>\$45.3</b>  | <b>\$43.0</b>  | <b>\$50.0</b>  | <b>16.3%</b>      | <b>10.4%</b>  |
| Endpoint Units   | 17,487         | 15,663         | 18,260         | 16.6%             | 4.4%          |



In unrelated Tandberg news, several financial news sources have reported that holders of about 24% of Tandberg shares do not intend on tendering their shares to Cisco's \$3B bid. They think the price is too low. Cisco's offer period started on October 9 and runs until November 9. One contingency: "The Offer shall on or prior to the expiration of the Offer Period have been accepted by Shareholders representing more than 90% of the capital and voting rights of Tandberg on a Fully Diluted basis." Let the poker game begin!

## Event Calendar

| Conferencing & Collaboration Events |  |
|-------------------------------------|--|
| When & Where                        | Who & What   |
| October 26, Boston, MA USA          | Wainhouse Research <a href="#">CSP Summit</a>                    |
| October 28, London, UK              | <a href="#">An interactive journey through videoconferencing</a> |
| April 20-21, 2010, Berlin, Germany  | Wainhouse Research Collaboration Summit                          |
| July 20-21, 2010, Boston, MA        | Wainhouse Research Collaboration Summit                          |

## One on One with Ken Scaturro, Sr. VP of Global Sales and Business Development at York Telecom



**WRB:** We recently saw a press release from Australia announcing your partnership with Vantage Systems and UK-based Videocall. This OnePresence Alliance was described as a global alliance. What is the main purpose here?

**KS:** Look at what's happening today. Global enterprises have accelerated their deployment of visual communications services - everything from the design, implementation, maintenance, and managed service of telepresence systems through more simple WebEx-type applications. Now add to that the fact that certain industry players have the brick and mortar global presence but not necessarily the breadth and depth of capability in certain theatres to fulfill these complex requirements. That's the situation as we see it. The OnePresence alliance was formed to provide customers a single point of responsibility for all of their global visual communication needs regardless of boundaries.

**WRB:** Would you say the companies within the alliance are the same – just located in different continents, or is there some fundamental difference or distinctive competence that separates the Alliance members.

**KS:** One of the basic tenets of our alliance is that our partners have the same core competencies. This is fundamental to being able to provide a high level of service across the organization and across the globe. Of course, certain partners do have certain unique capabilities and they do have the advantage of being an expert in the local cultural landscape.

**WRB:** How does the OnePresence Alliance present itself to your suppliers like Polycom, Tandberg, etc? Do they see this as a new partner different from other Alliance companies?

**KS:** Polycom played an integral part in the development of the Alliance concept. We had to work closely with their business operations team to ensure our entity met their global requirements for certification and service. It is important that our Alliance members must first certify themselves with the manufacturer before they can become part of our Alliance. Hence, the manufacturers have been presented to by both the individual members of the Alliance as well as the Alliance itself. The OnePresence Alliance's qualifications should meet all requirements for global service and support with almost any major OEM. In fact we are in talks and final negotiations with many of the other major OEMs.

**WRB:** How does the OnePresence Alliance present itself to customers? Do they see this as a new channel partner different from the individual Alliance companies? Does anyone make out purchase orders to the OnePresence Alliance?

**KS:** We believe our clients see this Alliance as a force-multiplier for our existing global support capabilities. Our clients get to leverage this increased support gained by our having close partnerships in other locations. To answer your question, though, the client can select any one of the alliance partners to act as the prime contractor and generate a single PO to that supplier. That prime may provide all services organically, or rely on any combination of the partners for the in-country support. Bottom line: we believe the Alliance allows customers a single point of responsibility across their global footprint.

**WRB:** In short, what is the main benefit to the end user customer of the OnePresence Alliance.

**KS:** The client receives three major benefits. One is global reach by industry recognized leaders with a broad and deep visual collaboration skill set. The second is a single point of contact. The third gain is financial. By utilizing the buying strengths and delivery expertise of the partnership, the deepest level of discount is assured, and issues such as VAT and import duties can be minimized for the best client return.

## Letters:

Andrew: In your WR Bulletin dated October 6th, 2009 ([Volume 10, Issue #20](#)), you suggest “the TANDBERG-Microsoft alliance is already headed to divorce court.” With this statement you suggest that Cisco’s proposed acquisition of TANDBERG will be detrimental to customers due to a perceived breakdown of the TANDBERG and Microsoft relationship. This is simply untrue.

TANDBERG’s approach to the market has always been one of open standards and interoperability. This approach is validated by our market leadership (42% in endpoints and infrastructure combined, per WR Q2-09 Spotcheck report) and by the proposed acquisition itself. We deliver transparent interoperability from desktop to immersive studios and it is TANDBERG’s intention to continue providing in-depth interoperability with other UC solutions like those from Microsoft, HP, IBM, Avaya and Siemens.

With TANDBERG and its partnership approach with UC vendors, like Microsoft, organizations are able to scale the cost savings, time efficiencies and environmental advantages of video companywide. We believe we are still in the honeymoon phase of this and other relationships. Together we will overcome the challenges created by different call protocols, network infrastructures and data collaboration methods. TANDBERG remains committed to standards-compliant interoperability and “keeping the romance alive” to guarantee an open approach for our customers. The Unified Communications space is inherently a multi-vendor environment and may involve collaborating in many areas while competing. But at the end of the day, when it comes to interoperability and delivering the integrated solutions that customers really want and need, there are likely to be more romances than divorcés. In this instance, to paraphrase Mark Twain, “news of the death of the MS-Tandberg collaboration is greatly exaggerated.”

Regards, Stephen Vobbe, Sr. Director, Unified Communications and UC Alliances  
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