

Collaboration Services: Asia Pacific – Market Opportunities - 2009

Market Assessment of 6 Local Asian Pacific CSP Markets

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2009 Asia Pacific Addressable Market

Total Asia Pacific, Australia & New Zealand, Japan, China Country Group, Southeast Asia Country Group, India, Korea

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*Prepared by
Marc Beattie, Lead Analyst &
Kristen Priest, Research Assistant
Wainhouse Research, LLC*

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NOTE: The material presented in this report is based on both primary and secondary market data coupled with our professional interpretation of the facts. We believe that the basic information and recommendations presented in this study should be used in conjunction with other data for making sound business decisions. No warranty as to completeness or accuracy is implied. All market estimates and forecasts are those of the authors, except as noted. We welcome your comments on this report.

Contact Information:

Marc Beattie, CSP Practice Manager
Wainhouse Research, LLC
34 Duck Hill Terrace
Duxbury, MA 02332 USA

Phone: +1.781.934.8324
Fax : +1.781.559.0790
[.mbeattie@wainhouse.com](mailto:mbeattie@wainhouse.com)

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Project Background, Objectives & Methodology

Throughout calendar Q2 of 2009 Wainhouse Research (WR) conducted an independent assessment of the addressable market for collaboration services in six local markets of the Asia Pacific Region, namely: Australia & New Zealand, Japan, China Country Group, Southeast Asia Country Group, India, and Korea. The objective of this study is to size the local market opportunity for audio minutes and revenue, as well as revenue for web conferencing and video bridging services. WR believes the *addressable market potential* changes year-to-year based on employed population, employment in positions relevant to conferencing service usage, and local sentiment toward using real-time communications. In this study the addressable market potential is compared to the *forecast market probability* for 2009. The forecast also changes from year-to-year based on prior year *actual* performance.

Methodology

IMPORTANT TO NOTE: The International Labour Organization (ILO) changed some of its collection methods in 2008 and made the following statement: “*Methodology revised data not strictly comparable*”. It is our understanding the ILO’s data collection process has been improved and is now more accurate. Because WR uses labor data from the ILO in this study, some of WR statistics are not “strictly comparable” to last year’s study.

Additionally, please note that severe global economic recession has dramatically changed employed work force statistics and subsequently the addressable market in some local markets.

WR collected local country data including:

- Total population
- Total labor force
- Employed labor force (total labor force minus current unemployment rate)
- Employment by service area – i.e. agriculture, industry, services
- Employment by title or role (i.e. occupations in executive management, company department heads, etc.)
- Usage and penetration of real-time communications – i.e. fixed and mobile lines (used as a calculation in market sizing, but not supplied in study)
- 2009 forecasts for audio minutes and revenues as well as web, and video conferencing service revenues

Sources include the International Labour Organization, the CIA World Factbook, and WR Asia Pacific Local CSP Market study 2009.

WR has employed the following process to calculate the addressable market:

1. Determine roles (employment by title) relevant to the use of conferencing services through specific judgments regarding the inclusion and exclusion of particular roles. Any role that holds the potential to be either a moderator or a participant in a conference call is included in the “CSP addressable market.” For example, we have excluded animal husbandry and valet service workers and included roles such as banking specialists and senior business officers.
2. Apply current statistics on usage by role from WR end user surveys to determine the percentage of relevant employees likely to use conferencing services. Thus we were able to determine, for example, that the addressable market for audio conferencing services in Australia & New Zealand is approximately 1,378,000 employees. Note that when considering the total addressable market, a user can at one point in time either be a conference moderator or a participant, but not both. So when considering the addressable market in a specific industry or for a specific role, we have divided the minutes amongst all potential users (account holders and participants) instead of just account holders (the total minutes and revenue are the same either way).
3. After calculating the addressable target market, WR applied average usage or revenue statistics to determine the final minute or revenue figures. Again, using Australia and New Zealand as an example, account holders in financial services, pharmaceutical, banking, or insurance sectors may use an average of 9,000 minutes of audio conferencing services

per year, however, usage by employee (total volumes divided by total employees) is closer to 900 minutes annually. Therefore the total addressable market for audio minutes in Australia and New Zealand was calculated as 1.378M CSP addressable market x 900 minutes = 1240.2M minutes.

Information in this report is largely *quantitative*, focusing on usage volume and revenues for conferencing services in the local Asia Pacific markets. Each subscriber to this report is encouraged to contact the author for a one-hour, online briefing where specific *qualitative* information can be discussed according to client needs.

Definitions

We define the conferencing service market as multipoint audio, video bridging, and web conferencing. Below we define each category of service that we are forecasting:

Audio Minutes and Audio Revenue – in this study is a combination of Attended Audio and Unattended Audio

Attended Audio - Audio conference in which an operator is used to facilitate the call. The operator may or may not also schedule and set up the call.

Unattended Audio - Audio conference, in which the moderator schedules, sets, up, and facilitates the call. An operator is not used.

Web Conferencing - A collaborative session hosted by a service provider, which uses a standard web browser to share an application or to make a remote presentation over the Internet. Voice communications to accompany the conference or presentation is typically over the public switched network (revenue would be included in audio) or, in rare cases today, over the IP network.

Video Bridging - Service used to connect more than two videoconferencing endpoints into a conference. Most video bridging services are operator attended, but increasing there is an interest in unattended services. The client or the service provider can conduct invitations and scheduling.

Additional definitions:

CSP – Conferencing / Collaboration Service Provider

ASP – Average Sales Price

Revenue – All revenue represented in millions of US dollars.

Minutes – All minutes represented as millions of minutes.

Total Population – Current total population (in millions) in a local market

Employed Labor Force – Current labor force in millions minus current unemployed

****% Labor Force** – Percentage of population employed and active in the labor force

CSP Addressable Market – a) Number in millions of the employed labor force WR has determined to hold a role or title likely to be a moderator or participant in an audio conference or, b) potential annual minutes based on usage by 100% of the addressable market or, c) potential annual revenue based on usage by 100% of the addressable market.

% LF CSP Pertinent – Percentage of the employed labor force that could potentially be a moderator or participant in an audio conference.

Market Penetration – Forecast (probable) divided by the addressable (possible) audio minutes or conferencing revenue for the current year.