



Collaboration Services: Europe – Market Opportunities - 2010

A Study of the Total Market Opportunity for Conferencing Services in 12 Local European CSP Markets



Senior Analysts: Marc Beattie & E. Brent Kelly
Research Assistant: Kristen Priest

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Prepared by
Marc Beattie & E. Brent Kelly, Sr. Analysts
Kristen Priest, Research Assistant
Wainhouse Research, LLC

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Contact Information:

Marc Beattie, Sr. Analyst
Wainhouse Research, LLC
34 Duck Hill Terrace
Duxbury, MA 02332 USA

+1.781.934.8324
+1.781.846.0701
mbeattie@wainhouse.com

SKU: RE-AMS10-EU

Project Background, Objectives & Methodology

Throughout the second quarter of 2010 Wainhouse Research (WR) conducted an independent assessment of the addressable market for conferencing services in 12 local European markets including the UK, France, Germany, Netherlands, Belgium, Switzerland, Italy, Spain, Sweden, Finland, Denmark, and Norway. The objective of this study is to size the opportunity in each country for audio bridging minutes and revenue as well as for revenue for web conferencing and video bridging services. In this study, the *addressable market potential* is compared to the *forecast market probability* for 2010. WR believes the addressable market potential changes from year-to-year based on employed population, employment in positions apt to use conferencing services, and local sentiment regarding the use of real-time communications. The forecast also changes from year-to-year based on prior year *actual* performance.

Important to Note:

Individual country population, labor, and employment have been updated to reflect the latest available information. In most cases, unemployment data reflects the current rate as reported in Q2 2010. Additionally, audio volume and audio/web/video revenue has been updated to reflect current country conditions and WR's forecast for 2010.

Methodology

WR collected local country data including:

- Total population
- Total labor force
- Employed labor force (total labor force minus 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)
- 2010 minute and forecast data for audio, web, and video conferencing services

In determining roles (employment by title) relevant to use of conferencing services, WR has made specific judgments on when to include or exclude specific roles. We have determined that any role or

HIGHLIGHTS

- The European collaboration services market has a penetration of 39% (based on audio conferencing minutes).
- The highest penetration is the UK at 92%, having added 2.3B minutes in the last two years and forecast to add 1.5B more in 2010.
- The lowest penetration is Italy at 3%, having added only 18M minutes in the last two years and forecast to add 22.7M minutes in 2010.
- Overall, the greatest opportunity for minute growth exists in Germany, with a 2010 unaddressed opportunity of 6.5B minutes.
- France has the second greatest opportunity for growth with 2.7B minutes beyond the current 2010 forecast (what is probable vs. what is possible).
- Besides audio revenue, web conferencing offers a significant opportunity with a penetration of just 48%.

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title that holds the potential to be either a moderator or participant in a conference call is in the “CSP addressable market”. For example, we have excluded petrol pump attendants and rail vehicle drivers, and included roles such as banking specialists and advertising specialists. Upon determining the number of employees with a likely potential to use conferencing services (based on currently known statistics on usage by role), WR has applied an audio and web conferencing minute usage calculation for each. This calculation is based on the average of a sample of companies using conferencing services. While average minutes of usage for an account holder in financial services, pharmaceutical, banking, and insurance may be 9,000 annually, average usage by employee (total minute volumes divided by total employees) is different for each country, ranging from 720 to 1,080 minutes annually (or one 60 minute call each month to 90 minutes each month). For example, the addressable market for audio minutes in the UK is calculated by multiplying the CSP addressable market by 1,080 minutes (7.2M CSP addressable employees x 1,080 minutes = 7.8B minutes (versus 7.2B forecast in 2010). When considering the total addressable market, one must consider that 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 comes out the same either way).

Sources include the International Labour Organization, Economist Intelligence Unit, European Commission Eurostat Yearbook, Office of National Statistics (UK), the CIA World Factbook, and WR European 2010 CSP Market Forecast & Provider Reviews.

Information in this report is largely *quantitative*, providing information on the volume and revenue of services in local European 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 forecasted:

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 some cases today (more typically for web seminars), 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 increasingly 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 (LF) 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.

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Wainhouse Research Offices

North America

Massachusetts Headquarters
+1.781.934.6165

Boston
+1.617.975.0297

Atlanta
+1.770.408.0460

Tampa
+1.941.924.3910

Austin
+1.512.451.4088

Salt Lake City
+1.435.563.2532

Asia/Pacific

Beijing
+86 13 9109 78803

Europe/Middle East/Africa

London
+44.118.973.7424
+44.113.420.6159

About Wainhouse Research

Wainhouse Research provides insight and intelligence into the global markets for audio, web (data), and video conferencing, real-time Unified Communications, enterprise streaming and webcasting, and enterprise social networking. The company publishes public and private studies, speaks at industry events and private company events, and provides both strategic consulting to industry vendors as well as end user organizations. Wainhouse Research conferences in the US and Europe provide a forum for the industry to discuss critical issues for industry growth. For more information see: www.wainhouse.com.

About the Research Team

Marc F. Beattie is the Managing Partner and Co-Manager of the Unified Collaboration Practice at Wainhouse Research, LLC. Marc's area of expertise is hosted and managed collaboration services. Marc is a member of Gerson Lehrman Group's The Councils of Advisors and Vista Research's Society of Industry Leaders through which he advises worldwide financial clients on technology companies and trends. He has authored public and private reports on product strategies, distribution structures, emerging technologies and industry applications. Marc is the principle author of *CSP SpotCheck*, the three-volume *CSP Market Forecast & Provider Review* for North America, Europe, and Asia Pacific, the three-volume *Addressable CSP Markets* study for North America, Europe, and Asia Pacific, and the *Emerging CSP Markets* study. He is a featured speaker and moderator at industry conferences and private company events - specializing on the future impact of current technology developments. Marc is the conference director for WR's *CSP Summit*, an annual one day event for CSPs and their partners. He regularly consults with end users, established vendors, emerging companies, and the financial community. Prior to joining Wainhouse Research Marc was an early member of PictureTel and Polycom - holding positions in product management, business development and sales management - and spent 13 years working within the industry. He has been an independent analyst and consultant since 1998. He can be reached at mbeattie@wainhouse.com.

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E. Brent Kelly is a Senior Analyst and Partner at Wainhouse Research and Co-Manager of the Unified Collaboration Practice. Brent's area of expertise is Unified Communication products and services. He has authored numerous reports and articles on unified communications including unified communications as a service, mobile unified communications solutions, detailed reviews of Microsoft's UC strategy as embodied by Office Communications Server, IBM Lotus Sametime and IBM Lotus' UC² Strategy, and Telephony-Based Unified Communications. He has also written reports about migrating to IP communications, video network service providers, and the collaborative reseller channel. Dr. Kelly has authored articles for Business Communications Review Magazine, NoJitter.com, and he has taught workshops in North and South America, Europe, and Australia as well as at major industry events such as VoiceCon. With 22 years experience in developing and marketing highly technical products, Brent has served as an executive in a manufacturing firm where he developed and implemented a manufacturing, marketing, and channel strategy that helped land national accounts at major retailers. Previously, he was part of the team that built the devices Intel used to test their Pentium microprocessors. He has also led teams developing real-time data acquisition and control systems, and adaptive intelligent design systems for Schlumberger. Brent has worked for several other multinational companies including Conoco and Monsanto. Dr. Kelly has a Ph.D. in chemical engineering from Texas A&M and a B.S. in chemical engineering from Brigham Young University. He can be reached at bkelly@wainhouse.com.

Kristen Priest is a Research Assistant at Wainhouse Research, LLC. Kristen has been involved with numerous qualitative and quantitative projects within WR and regularly communicates with WR research targets in Europe, North America, and Asia Pacific. She can be reached at kpriest@wainhouse.com

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