

NEWS AND VIEWS ON REAL-TIME UNIFIED COMMUNICATIONS

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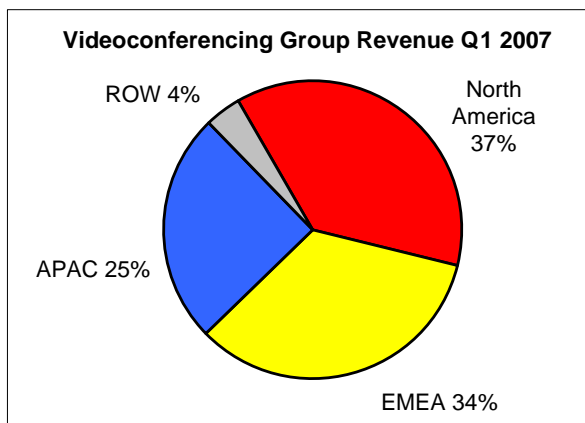
Andrew W. Davis, andrewwd@wainhouse.com

Videoconferencing Market Update: Q1-2007

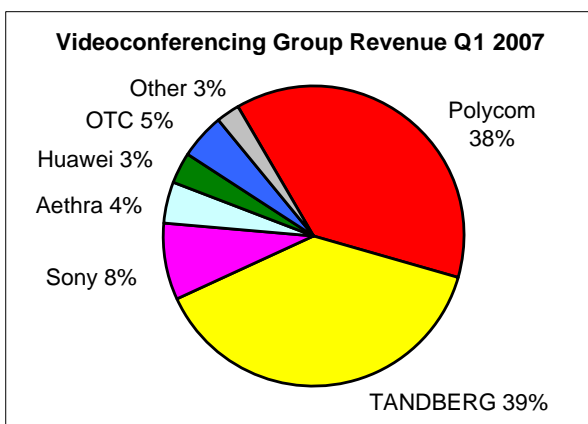
Our 2007 Q1 Videoconferencing SpotCheck report (with 39 tables and charts) is now available, providing detailed statistics on the group videoconferencing systems (endpoints) and video infrastructure market. The report is compiled by collecting data from the major vendors focused on the videoconferencing industry - Aethra, Polycom, Sony, LifeSize, VTEL, and TANDBERG as well as from China-based companies including Huawei, Dvision, Kedacom, ZTE, Avcon, and Amplskey. Other companies contributing data include Codian and Radvision. Bottom line: it was a spectacular quarter, in fact, this made three in a row spectacular quarters. Look at the annual growth figures.

	Q1-06	Q4-06	Q1-07	Seq Growth	Annual Growth
Modular Systems	\$164.2	\$219.2	\$228.2	4.1%	39.0%
Executive Systems	\$15.3	\$21.0	\$21.5	2.6%	40.6%
Total Group Rev.	\$179.6	\$240.2	\$249.8	4.0%	39.1%
Infrastructure Rev	\$46.1	\$74.2	\$68.82	-7.2%	NA
Modular Units	32,897	39,541	41,042	3.8%	24.8%
Executive Units	5,370	7,572	7,866	3.9%	46.5%
Total Group Units	38,267	47,113	48,808	3.6%	27.5%

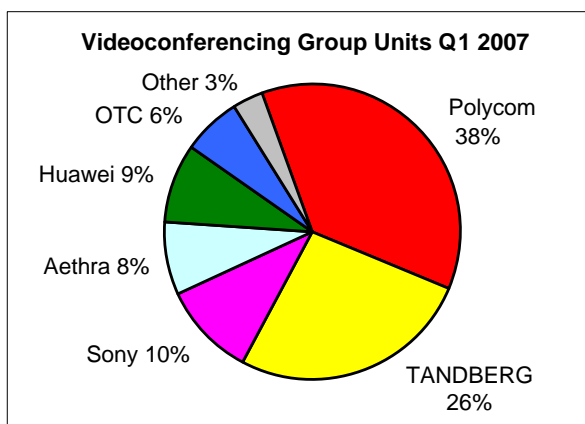
Summary of results



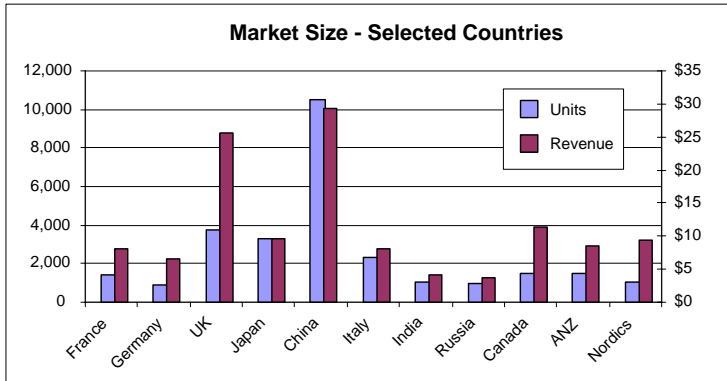
Geographic Revenue Split



Market share by revenues



Market share by units



The 2007 report series features slightly expanded coverage of individual countries as well as some additional market share data by region of the world.

The Q1 Videoconferencing SpotCheck is available as a [free download from wrplatinum.com](http://wrplatinum.com). The entire report is available as a separate subscription that covers all four quarters of the year plus an annual summary.

WR Summit to be Webcast.... Live and in person



Can't make it to California this year? You don't have to miss out on our Summit. We've made arrangements with Netbriefings to webcast this year's Collaboration Summit taking place in less than two weeks at the Holiday Inn

Golden Gateway in San Francisco. The live and interactive webcast will also be available to attendees and webcast participants as archives after the event. If you can't come in person, sign up for the webcast on our [registration](#) page. NetBriefings did a fantastic job last year with high quality AV recordings synched to the PowerPoint slides. Take a look at six minutes of [highlights](#) from the 2006 event. We've also made available the archives of the full 2006 event, courtesy of NetBriefings. Check it out and check them out.

News in Brief

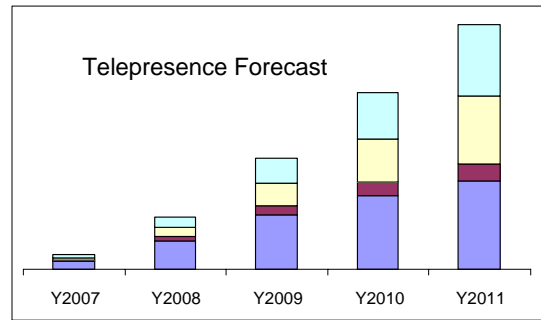
- Seven months after first introducing Movi, and right on the promised schedule, Tandberg announced commercial availability of the personal videoconferencing product. The solution consists of a server (MSRP \$6900) and either a 5, 10, or 50 user license. The licenses are for concurrent users, so a company could elect to buy a 10 user license to support a 200 person staff, for example, since the assumption is that not all personnel are videoconferencing at the same time. A typical installation is likely to be a 10 concurrent license with a 20/1 subscription ratio leading to a per person license fee of less than \$80. Movi is also available in a version for IBM Lotus Sametime users. Movi is SIP based and supports point-to-point calls by itself. When used with Tandberg's MPS system, however, Movi can connect in multipoint calls as well as to H.323 systems. Running on ordinary PC hardware, Movi supports H.263 video, not H.264, and CIF or SIF resolution. Movi is based on an Active X download; every time the user connects to the central Movi server it checks to see if the user has the latest Active X file and will download a new version only if needed, making administration very easy.

	MSRP with server	Employees / license ratio and price per user				
		1/1	5/1	10/1	20/1	40/1
5 concurrent	\$11,800	\$2,360	\$472	\$236	\$118	\$59
10 concurrent	\$15,800	\$1,580	\$316	\$158	\$79	\$40
50 concurrent	\$50,800	\$1,016	\$203	\$102	\$51	\$25

- According to a news story in the Wall Street Journal May 22, Intel has set its sights on the audio conferencing world, mounting a long-term campaign to enhance the PC by enabling higher quality IP voice as well as functions such as call recording, automatic transcriptions, and even language translation in the future. Intel is building on virtualization, a technique for isolating the OS from the hardware today and isolating the OS from applications in the future. With a "collaboration virtual appliance" a PC crash would not interrupt a VoIP conference, for example. At least, that is the theory. Sounds futuristic. But ten years ago did you think that

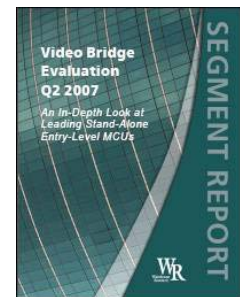
75% of video calls would be moving over IP or that your airline would SMS you with flight delays.

- We've just published our first market forecast for telepresence. The report is [available for free to all PLATINUM-Pro subscribers](#) or separately for \$1,000. Contact Sara Fargo, sfargo@wainhouse.com, for more details.



- Codian has introduced a novel technology dubbed ClearVision as a software upgrade to the company's MCU 4500, the bridge aimed at HD videoconferencing. The story is simple, although I'm sure the software is not. Basically, because the MCU 4500 has enough DSP resources to process HD (with support for continuous presence), if a site on the call is not an HD endpoint, but can handle only SD or ED (enhanced definition not erectile dysfunction), then the Codian bridge uses the available DSP resources to do some spatial and temporal image processing on the HD or SD signals. The result is greatly improved video for SD or ED participants in the call. We saw the demo ourselves, and it was indeed impressive. In an unrelated release, Codian announced the Codian Management Platform, a new suite of products that simplifies the management, control and resource allocation of video conferences. The software includes a Scheduler and a Director.

- MCU Evaluation Report Now Available: Nine months in the making, and we weren't even pregnant, we've finally released our comprehensive evaluation of five leading edge video MCU devices from Codian, Emblaze-VCON, Polycom, Radvision, and Tandberg. This 72 page report is based on hundreds of test calls made under a variety of conditions; the results and analysis could save anyone contemplating the purchase of an MCU at least 968 man-hours of grief. IT'S FREE; visit wrplatinum.com.



- In what could signal their first serious move to enter the North American videoconferencing market, Italy-based Aethra has signed a distribution agreement with US-based Jenne, a company that has been distributing communications solutions for over 20 years. Jenne offers a wide range of product solutions to resellers along with pre and post sales support and tech support. Jenne also provides technical services providing a turnkey offering on a number of their offerings. This agreement will focus on Aethra's X3, X5, and X7 (HD) set top product offerings.
- Aperio Networks, the publisher of Conferencing News and a partner of WR, through its wholly-owned web property Eventspan.com, the forthcoming Web 2.0 search, syndication, and social networking website for online events, has released a draft of a proposed XML schema for the publishing of web event listings. The intent of the proposed draft is to seek industry feedback from marketers, B2B publishers, technology service providers, and consultants. Industry stakeholders [can view the draft release and provide feedback](#) at eventspan.com. Given the importance of on-line events and the growing impact of social networking on the collaboration industry, this might be worth checking out for all the techies reading the WRB.
- ThinkEngine Networks announced a strategic partnership with WebDialogs to create a "Triple Play" offering of voice, video and web conferencing services for WebDialogs' customers.
- Premiere Global Services has significantly upgraded its PGI Netspoke Web conferencing product by integrating the international calling capabilities of ReadyConference GlobalMeet and enabling customers with a unique, self-service conferencing management tool. With PGI Netspoke Professional, a full-featured Web conferencing product, Premiere Global's SMB customers have an expanded range of features and options for conferencing.

- ACT Teleconferencing announced results for Q1-07. Net revenue totaled \$14.2 million compared to \$12.6 million for the same period last year. Higher revenue, together with a reduction of SG&A expense, improved operating income to \$737,000 from \$(263,000) for the same period in 2006. However, as a result of increased dividends payable to the holders of the Company's Series AA Preferred Stock, loss per share available to common shareholders increased to \$(0.11) from \$(0.10) for the prior year period. For the twelve-month period ended March 31, 2007, revenue, operating income and net income were \$55.3 million, \$2.5 million and \$2.9 million, respectively.
- Australia-based provider of audio, video, web, and data conferencing services Integrated Vision has introduced MyConference, a new dial-in only service with a flat rate per minute of 15 cents Australian, competing head to head with AAPT, Optus, and Telstra.
- NY-based NBS announced availability of a totally automated audio conferencing service called NBS V.o.I.C.E. Commander that can be accessed via a toll free number. The conference charge is 5 cents per minute (USD). There are admin options that allow the muting or un-muting of participants, for hearing the number of users in the conference at a specific time and even for ejecting certain users from the conference.
- Emblaze-VCON announced the creation of a new unit, Emblaze-VCON Professional Services to help businesses and government agencies to design, implement and support tailored made videoconferencing applications to meet the specific requirements of their businesses.
- We have a new Research Note, "Microsoft's SharedView: Much Much More Than NetMeeting Done Right", [available for free to all PLATINUM-Pro subscribers](#). Check out the thoughtful review and comments on the possible impact of this new collaboration service from the Redmond Giant.
- For those of you who have been following the Forgent Networks patent lawsuits, an interesting development occurred this week when a Texas jury found in favor of EchoStar and against Forgent, ruling that the Forgent patent (which has already brought the company over \$100 million) was invalid. Forgent responded "While we appreciate the efforts of the jury in this complicated matter, we disagree with their ruling. We continue to believe in the validity of the '746 Patent and are currently assessing our options. Looking forward, we believe that our fast growing NetSimplicity software business can be a strong foundation for our future. In addition, we have a very healthy balance sheet with a strong cash position and no debt." As they used to say on SNL, "oh well, never mind."

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Conferencing & Collaboration Event Calendar	
WHEN & WHERE	WHAT & WHO
June 13, On-line	C4B : Understanding the value of telepresence solutions
June 5-6-7, San Francisco, CA	WR Collaboration Summit – 2007
June 26-27, Hamburg, Germany	Point Nine meeting on streaming and webcasting
October 14-17, Anaheim, CA	2007 PUG Annual Conference
October 29, Boston, MA USA	Wainhouse Research CSP Summit

Case Studies at the WR Collaboration Summit

June 5-7, 2007



Have you ever wondered what real customers do with all that Unified Communications stuff? Is UC really a solution in search of a problem? Come hear Jonathan Rood, CIO and VP of the IT Division of **San Francisco State University** talk about the full suite of collaboration services (IM, presence, email, web conferencing, and portal technologies) that he is rolling out to all students, faculty and staff. Eric Sugar from



Eric Sugar



Phil Ozek



Steven King

McKesson will talk about how this Fortune 20 company, perhaps the largest enterprise that nobody ever heard of, uses conferencing and collaboration tools and how these solutions are embedded into the corporate culture. Driving adoption is the key. Eric will cover a wide range of desktop and room applications and discuss how and why McKesson is now implementing telepresence solutions. David Danto, currently the Director of Global Multimedia Engineering for **Lehman Brothers**, will talk about the challenges facing an end user in the face of new and emerging technologies for collaboration. David's presentation, which takes a dim view of telepresence and the telepresence hype being thrust upon the customer, will walk the audience through some of the stumbling blocks to avoid and discuss how new and future offerings should be absorbed into a single collaborative conferencing continuum. Phil Ozek is part of the telepresence team at **Partners Healthcare**, one of the largest medical conglomerates in New England. Partners is using real-



David Danto



Mike Caputo



Jonathan Rood

time and non-real time technologies to deliver a variety of medical services throughout New England as well as overseas. Phil's presentation will also share the vision for what technologies and services might be offered or enabled in the future. Mike Caputo, now CIO at **Washington University School of Medicine**, will help us all understand what some of the significant challenges are and how his organization is addressing them. Steven King from the law firm of **O'Melveny & Myers** will discuss the trials and tribulations of moving to a comprehensive collaboration deployment using a collaboration managed services provider (cMSP).



In addition to our June 6-7 conference, the 2007 North American Summit features a technology showcase on June 5, with our trademark rapid-fire demonstrations that give attendees a chance

to see many desktop solutions in a short time, plus the opportunity to relax over refreshments and get a more in-depth look with 25 tabletop displays. Check out wainhouse.com/sanfran07. The event will be webcast and archived by Netbriefings; broadband IP network services are being provided by Masergy.

Come learn about IP Communications

June 5-6-7, 2007
San Francisco, CA

Unified Communications Got You Confused?

Learn about the risks, benefits, and challenges of VoIP, videoconferencing, unified communications and telepresence. Come network with colleagues, industry experts, and Wainhouse Research analysts.

Sponsored by: Aethra, inSors, InterCall, LifeSize, Microsoft, Polycom, Radvision, TANDBERG, Thinkengine

Free admission to the collaboration technology showcase.

June 5
1 to 5 PM

Come see voice-video-web collaboration tools from over 20 companies. Register at the door.

For details or to register
www.wainhouse.com/sjmn
or contact info@wainhouse.com

Point Nine User Forum, 26th-27th June, Hamburg

 **19th July, New York City**



'Video streaming and casting: Applications and challenges facing multi-national organizations'

With the widespread deployment of MPLS networks in the enterprise and increased need for better communication to a workforce separated by time and geography, interest in web streaming and casting technologies is exploding. The second [European Point Nine meeting](#) for 2007 will be hosted in Hamburg by TÜV Nord and will focus on the corporate applications and technical challenges in using these streaming technologies.

The [North American Point Nine meeting](#) will be kindly hosted at the Lehman Brothers facility in the heart of Manhattan on **19th July**. We will be exploring the differing applications and technical challenges and hearing from strategic conferencing managers on their successes in deploying these technologies across their global organizations.

These meetings are open to all end-users of conferencing solutions and will provide an excellent opportunity to discuss all aspects of streaming and casting with your peers and with Wainhouse Research analysts. The developing agenda and registration information can be found at www.wainhouse.com/point9 or contact Point Nine's Executive Director, Richard Norris: richard@wainhouse.com

Vendors: If you are a vendor of streaming or casting technologies or services and would like to be involved in this meeting we have a very limited number of sponsorships available. For further information, please contact Sara Fargo: sfargo@wainhouse.com

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