

NEWS AND VIEWS ON REAL-TIME UNIFIED COMMUNICATIONS

Happy Holidays..... SEE YOU NEXT YEAR ! This is likely to be our last newsletter for 2008. Here's to wishing all of you in the rich media collaboration, conferencing, and unified communications industries a smooth sailing through these difficult economic times.

*As always, please feel free to forward this newsletter to your colleagues. To be added to our **FREE** automated email distribution list, simply visit www.wainhouse.com/bulletin.*

Andrew W. Davis, andrewwd@wainhouse.com

AGT and Aethra Deliver New Business Model

In what appears to be the first really new business model for videoconferencing customers, Florida-based Applied Global Technologies (AGT) and Ancona, Italy-based Aethra have formed a joint-development alliance aimed at delivering low cost, highly reliable conferencing and collaboration solutions to businesses of all sizes, not just the F500. The joint program combines 1) AGT's managed video service, dubbed PerfectMeetings, 2) Aethra's broad range of SD and HD videoconferencing systems, and 3) joint engineering efforts to customize hardware and software in order to tightly integrate products from the two companies and to provide customers with advanced features and ease-of-use. It's this joint development piece that separates this from the typical marketing alliances and partnerships we hear about so often.



Mike Valletutti
CEO, AGT



Marco Viezzoli
CEO, Aethra

Addressing the needs of next-generation users who will be looking for scalable, manageable solutions, AGT and Aethra engineers have begun working together on an integrated end-to-end solution inclusive of H.323 presence, touch-screen dialing, integrated management alerts, firewall traversal, and web-based desktop video. Both companies will be modifying their software to take advantage of the functions provided by the other and to make the integration seamless to the end user. By combining software and hardware engineering, the result should be the ability to deliver to the customer a more efficient, lower cost, proactive managed service.

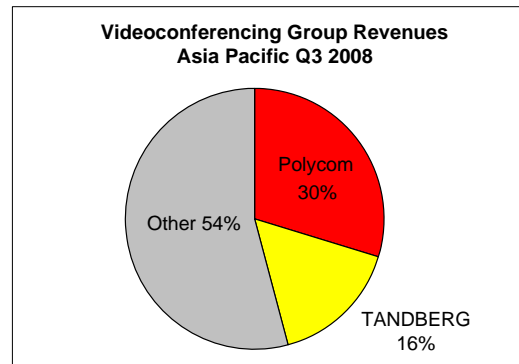
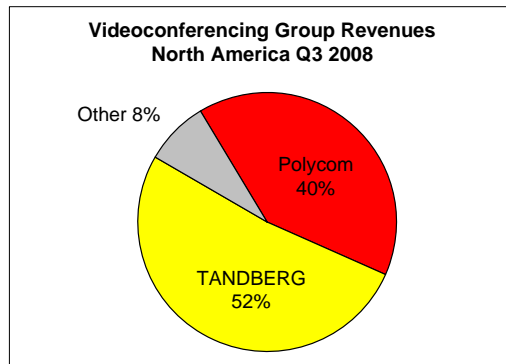
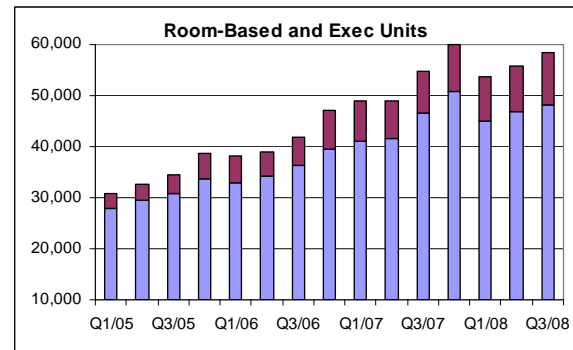
For clients that require hosting and B2B bridging services, Aethra.net has added PerfectMeetings capabilities to its hosting zone in Italy. Aethra will combine its help desk operations with those from AGT for clients that span Europe, Middle East and the Americas.

For multinationals, AGT and Aethra will combine sales efforts and lead with PerfectMeetings Managed Video, AGT's program that provides clients with infrastructure and management tools behind the corporate firewall as well as services that include unlimited video bridging, recording & streaming, and device management under a fixed price. PMV clients do not purchase infrastructure hardware; PMV is a software-as-a-service offering, all located on the client's premises. And while PMV supports video devices from multiple manufacturers, the Aethra partnership gives PMV clients the option of adding Aethra endpoints at a fixed monthly charge.

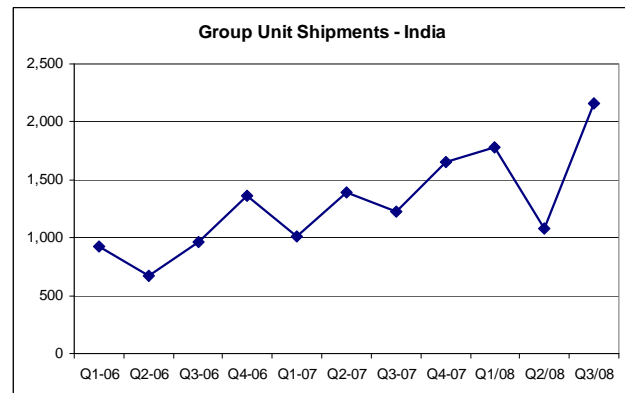
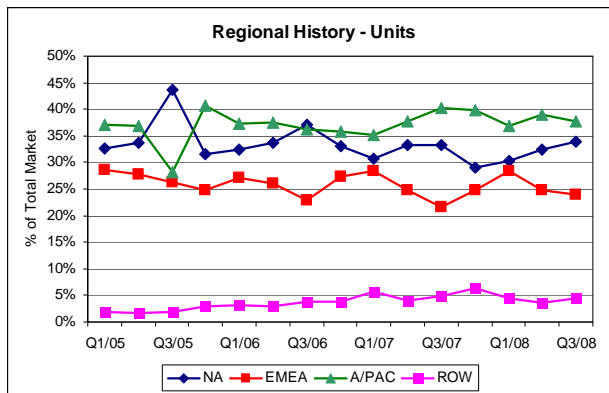
Q3-2008 Videoconferencing Industry Statistics

The videoconferencing industry reported very strong growth numbers in Q3-2008, although growth rates are clearly declining. As this newsletter was being written, the US government announced that the country is officially in a recession and has been since December-07. Check out the graphs below and see how this maps to our data. The magic question on everyone's mind is how the world-wide economic meltdown might affect the conferencing and collaboration business, videoconferencing in particular, since conferencing hardware is generally part of an IT budget (bad news) but is also a proven cost saver (good news), especially when so many enterprises are trying to cut travel. Countervailing winds if you will. If we knew the answer to the question, we wouldn't be writing this newsletter. If you ask us anyway, we think the industry will not escape the effects of the external economy, but it will suffer less than most.

	Q3-07	Q2-08	Q3-08	Sequential Growth	Annual Growth
Endpoint Revenues	\$297.5	\$324.9	\$347.2	6.9%	16.7%
Endpoint Units	54,670	55,664	58,540	5.2%	7.1%
Infrastructure Revenues	\$77.1	\$87.2	\$84.30	-3.3%	9.4%

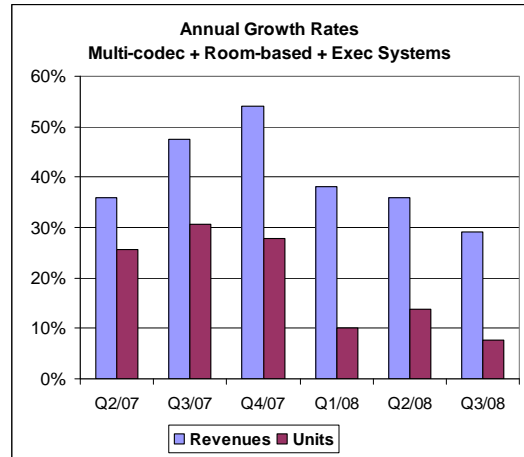


Complete details, including revenues and units for regions of the world and about a dozen countries, are included in our SpotCheck Videoconferencing report, available as a separate subscription. Contact sfargo@wainhouse.com for details.

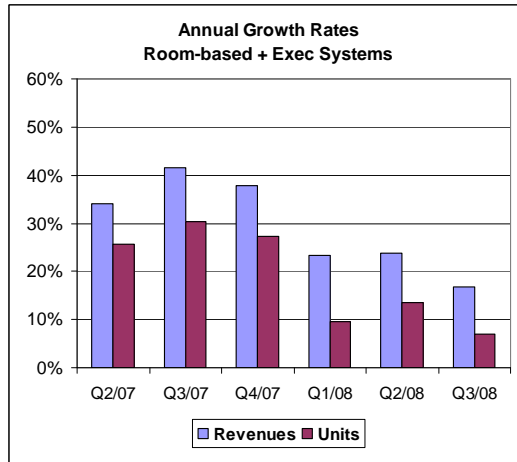


As many readers are aware, the hot spot for publicity in the past 18 months has been in the market segment many people call “telepresence.” In this newsletter we won’t go into the arguments about what exactly does telepresence mean and why is it different from videoconferencing and why so many vendors are throwing up so many smoke screens. However, we have noticed that after a decade or more where videoconferencing ASPs have declined every quarter, the trend has reversed and ASPs are rising. This we believe is due in only a small way to the transition to HD. The major impact on the numbers we believe comes from sales of a very small number of very high priced systems, typically dubbed telepresence.

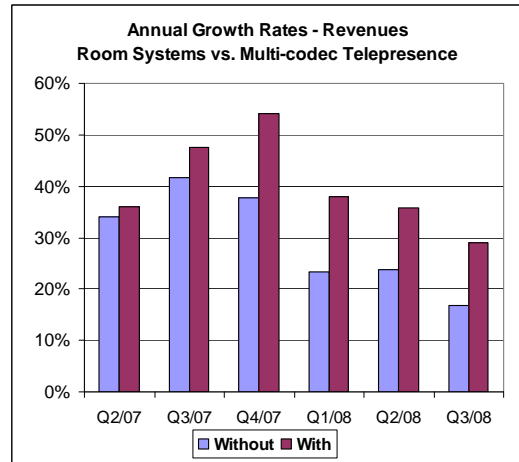
We’ve gone back to our data base and have attempted to calculate the effect on the industry’s annual growth rate over the past 6 quarters coming from the “telepresence” segment.



Our traditional way of reporting the industry by adding up all the numbers from all the vendors. Note growth remains strong, but has been on the decline for one year.



Here we have subtracted out what we believe is the telepresence segment, a market that did not reach any significance until Q4-07. Note the impact on the perceived revenue growth rates.



A comparison of the annual growth rate in videoconferencing system revenues with and without the revenues from the multi-codec “telepresence” segment. There is no significant effect on unit growth.

News in Brief

- Dialogic Corporation completed its acquisition of the NMS Communications Platforms business from NMS Communications. The business provides enabling technology and tools for value-added services in mobile telecommunications.
- In another bad portent for the home electronics sector, Sony has announced an intention to cull 8,000 jobs – or roughly 5% of its workforce – and close up to six factories by March 2010.
- AT&T announced the availability of multipoint, intercompany connectivity via the AT&T Telepresence Solution. The service allows companies to extend Cisco TelePresence multipoint meetings beyond the enterprise boundary to enable meetings with customers, suppliers and partners using the AT&T Business Exchange.
- We covered the Whitlock Group’s strategic alliance with Impact in Europe in [WRB vol 9 #20](#), 2-July-08. The Global Presence Alliance has now launched a website - global-presence.org.

- Tata Teleservices Limited has launched a managed PBX service for SMB companies in India in collaboration with Nortel and LG-Nortel (the joint venture of LG Electronics and Nortel).

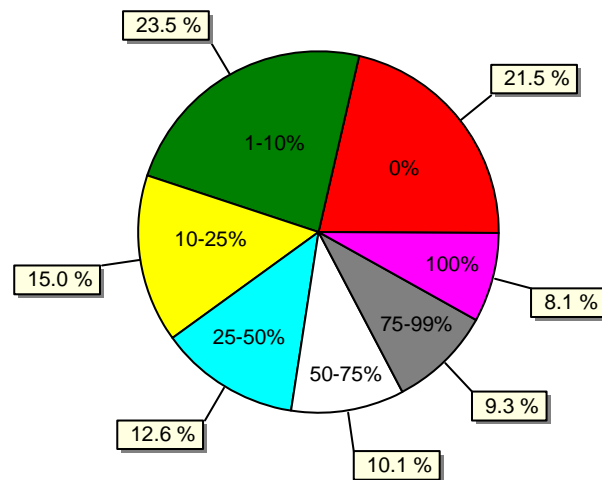
Annual Survey Shows Sharp Uptick for HD Videoconferencing and Telepresence

The results of our annual survey of videoconferencing end users has been published. Results show that 1/3 of videoconferencing managers report that the economic crisis is likely to lead to accelerated deployments, not slowdowns. The two largest drives cited by 247 survey respondents were (no surprise) travel reduction and improved decision making. Results indicate that 32% of deployed videoconferencing systems can now support 720p HD videoconferencing. Furthermore, 23% of respondents have either deployed telepresence suites or are planning on deploying within one year. To support these and other unified communications applications, customers are continuing their migration to IP, with users reporting that 76% of video calls now take place on an IP network, up from 66% one year earlier. In addition, interest in integrating videoconferencing to unified communications platforms has grown significantly.

Besides the 2008 Videoconferencing End User Survey, other Wainhouse Research Rich Media Metrics reports for 2008 include 1) Videoconferencing Channel Partner Survey, 2) Unified Communications Survey, and 3) Service Provider Customer Survey. Each report is \$2,495 and may be obtained by contacting Client Services Manager Sara Fargo at sfargo@wainhouse.com, +1 781 934 6165, or by visiting www.wainhouse.com/reports.

Please estimate what % of your room videoconferencing SYSTEMS can support 720p HD video

- 0%
- 1-10%
- 10-25%
- 25-50%
- 50-75%
- 75-99%
- 100%



Group Systems with HD support

New (free) White Paper from WR

A relatively new entrant to the marketplace, telepresence platform solutions combine elements of turnkey and custom solutions by leveraging a pre-configured and field-proven system (including the telepresence operating system and user interface) and allowing the system integrator and end-user to define the other elements in the system to meet special requirements and budgetary restrictions. The result is a compelling combination of low risk, high reliability, design flexibility, and cost-effectiveness. This white paper, sponsored by LifeSize, provides insight into the options for deploying telepresence and the advantages of telepresence platform solutions.



Visit www.wainhouse.com/whitepapers to download your free copy.

Come See Us In Berlin, Network With Colleagues

WR Collaboration Futures Summit – Berlin 2009

Our annual April event at the Steigenberger Hotel in Berlin will feature an all-new format. After a half day mini-conference focused on the CSP industry, the Collaboration Futures Summit agenda will explore the major technologies and applications that are driving the future of the industry. The two-day program will cover the future of audio, video, and web applications and the social and environmental factors forcing changes at work, as well as the networking and computer technologies fundamental to enterprise unified communications. Put this event on your calendar now. Wainhouse Research summits are unique experiences for attendees to learn from and interact with industry experts, technology leaders, WR analysts, and fellow conferencing and collaboration and IT managers. If you would like to sponsor and speak on one of the megatrends, please contact sfargo@wainhouse.com.

WAINHOUSE RESEARCH

COLLABORATION FUTURES SUMMIT09

21 April 2009: CSP Summit (1/2 day)

22-23 April 2009: Collaboration Futures Summit

Meanwhile, we are proud to announce we have signed up our first featured speaker. Although employed by Cisco, Roy Skillicorn will be speaking as an end user, and explaining what it is like to deploy and manage a large scale telepresence network (Cisco currently claims over 280 systems deployed inside the company).

Presentation: Video applications explosion & the impact on the IP network

What are the global economic and social trends driving today's explosion in video applications? How will networks need to deal with them? What are the new emerging business opportunities for the re-architecture of networks creating growth for both service providers and advance technology partners? This presentation will cover how these applications are impacting network requirements for performance, quality of service and design. Key case studies of large TelePresence deployments will be highlighted.



Mr. Roy Skillicorn is currently the Senior Director responsible globally for enterprise video within the Worldwide Technology Practices Organization at Cisco. The Practices organization is responsible for the definition and execution of global services strategies for advanced and emerging technologies. In his current role, Mr. Skillicorn is responsible for the services strategy and the delivery and sales readiness for the global Services Organization in support of Enterprise Video and TelePresence.

One on One with Juan Ramon Echeverria, CVS Hightech CEO



WRB: We need to learn more about Cental and Latin America, but let's start off with a few words about your company. What do you do?

JRE: CVS Hightech is located in Central America and is one of the few companies that work exclusively with distance communication solutions (video, audio and webconferencing). We have been selling products and providing consulting in the Central American market for over 8 years

We focus our biggest business efforts to develop projects within deprived communities (mainly indigenous communities), and have proven that technology serves even groups with very low literacy. Most of these projects are financed by international and local organizations. We also develop

projects with Central American corporations as well as enable social projects within some deprived communities financed directly by CVS Hightech.

WRB: What are some of the business opportunities for videoconferencing in Central America?

JRE: The videoconferencing business in Central America has been handled in the past mainly by technical oriented companies. They have made the mistake to position videoconferencing as something very expensive and difficult to use. In our case, we are a marketing oriented company, therefore, we have worked hard to prove that anyone can get benefits from this technology.

Now that economy is affecting everyone, everywhere, videoconferencing is addressing a need to survive, to reduce costs. Most of Latin America has very poor infrastructure, paved roads, bridges, etc. and videoconferencing and web conferencing have become a very good solution to keep productivity high at low cost.

We see a good opportunity, not just in Central America, but in Latin America to develop many projects based on distance communication including video, audio and data, mainly over IP. ISDN rates are very expensive within our region. We provide IP/ISDN connections, but they are mainly required for dial-in calls from Europe, USA or Asia. Central American corporations don't generally dial out ISDN calls. ISDN is more frequently used in South America. IP usage is higher in Central America. South America is just moving to IP.



WRB: What are the biggest markets in Latin / South America?

JRE: The biggest markets are Mexico, Argentina, Brazil and Chile. These countries, just like any other country in Latin America, have a big percentage of deprived and / or indigenous communities.

These biggest markets are also the most difficult in which to compete, since many brands have resellers there, and you have to focus on volume with low margins, which is different in the rest of the CALA countries, where the customers need more guidance and assistance, and are willing to pay higher prices. Good opportunities are found in every country. As I said before, the mistake has been to select an elite market to focus videoconferencing, when we could have focused on the different needs that exist at different levels

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