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New MCU and Updates from LifeSize

LifeSize has introduced a new MCU as well as a new management platform. Based on the company's OEM relationship with Radvision and utilizing the latest in DSP technology, LifeSize Multipoint 230 is an enterprise-class system enabling up to 30 sites to communicate simultaneously, via video, in True HD, 720p at 30 frames, and 15 sites to participate in Full HD, 1080p at 30 frames for natural, immersive multiparty calls. The device will also support up to 120 SD systems at 360p, 30 frames per second. One unusual feature with this architecture is Dynamic port capacity, a capability that allows additional calls to be added even after maximum call capacity is reached, by automatically down speeding calls to accommodate more participants.

LifeSize Control 4.5 is a management platform that integrates with Outlook and Exchange without desktop plug-ins. Standards-based and open, LifeSize Control allows management and control of heterogeneous, multi-vendor video environments, and with the new release includes scheduling of both multi-vendor endpoints and MCU's through Microsoft Exchange. Release 4.5 provides SNMP interoperability supporting integration with 3rd party network and systems management solutions such as HP OpenView and Tivoli TME. Both products are scheduled to be released in Q3; pricing was not announced.

New CEO at Avistar

Avistar announced the resignation of its CEO Simon Moss after just 18 months at the helm. According to Avistar, "With the company having successfully completed its strategic, financial, product redesign and market repositioning during the last 18 months under Mr. Moss's leadership, he has decided to follow his career objectives and to move on to a new endeavor." We haven't been briefed on this yet, nor have we met the new CEO Bob Kirk, but we met with Simon last month at InfoComm and were impressed with where and how he has been able to reposition Avistar and change the company's direction. We suspect there is more here than covered by the company's press release.

News in Brief

- Avaya announced a new version of its powerful desktop application suite designed for customer service associates. The new application, Avaya one-X Agent, features significant enhancements including a streamlined user interface (integrated contact list and drag and drop capabilities), embedded video and improved deployment options. Avaya one-X Agent is intended for customer service associates working from any location – at home, headquarters or a remote location.
- Privately-held Eden Prairie, Minnesota-based Video Guidance reported second quarter revenues of over \$3.4 million, the company's largest quarter since its inception in 1999.
- Love these unusual or new applications. Margaret Atwood is promoting her new book, *The Year of the Flood*, by attending several book festivals in Canada simultaneously via videoconference.

- According to news in both Forbes and the Wall Street Journal, Silver Lake Partners LP, a buyout firm with Avaya and AVI-SPL already in their folds, is taking another look at Tandberg, a deal that was widely rumored months ago just as the real credit crises erupted. At one point in time, about a year ago, Tandberg management confirmed that the videoconferencing company had been approached by a private equity firm. One of the principals at Silver Lake is Charlie Giancarlo of Cisco fame. If indeed someone puts these three companies together and integrates their product development and channel partner strategies, the result would be an industry game changer. In fact, the streets could be rolling in apples from all the overturned carts.

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- Cisco and United Health have unrolled a program to bring remote medical care to rural and under-served populations. Operating in real time, video and audio technology from Cisco and several other companies, including electronic health records, will assist doctors in assessing and talking to patients in hard-to-reach areas via an open, but secure network, benefitting patients with chronic diseases or rural patient in need of a specialized doctor.

News from Wainhouse Research

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.

New Global Review of CSPs

With the release of 2009 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 or contact Client Services Manager, Sara Fargo at sfargo@wainhouse.com.

Mark Your Calendar: July 28-29 in Boston

WAINHOUSE RESEARCH
**COLLABORATION
 FUTURES
 SUMMIT09**








Is this the time for your company to pull in its horns and cut spending to the bone, or should you be investing in cost-savings measures for the future – solutions that can help you do more with less, and improve your corporate stance vis a vis the environment at the same time? What are the trends that are driving the conferencing and collaboration industry and how will these affect

your ability to use these solutions in the future? What about NETWORKS? What about MANAGED SERVICES? What about SCALABLE VIDEO CODING? Come listen, learn, interact, and contribute.

If you can't make it to Boston this year, do the next best thing and [attend via an interactive webcast](#). Through our partnership with ON24 we will webcast the Summit sessions in real time. Archives will be available as well.

Whether you are a supplier, channel partner, customer, or industry guru, this is the one collaboration event you can't afford to miss. Full details at www.wainhouse.com/boston09.

CHECK OUT OUR star-studded [AGENDA](#) which includes:

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Rich Baker
 Glance Networks
 Beyond the Weeds: Innovations that could revolutionize rich media communications



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 Does SIP trunking change everything?



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 Challenges in the large enterprise: skid marks where the rubber meets the road



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Brent Kelly
 Wainhouse Research
 Unified Communications: fad, fashion, or shift?

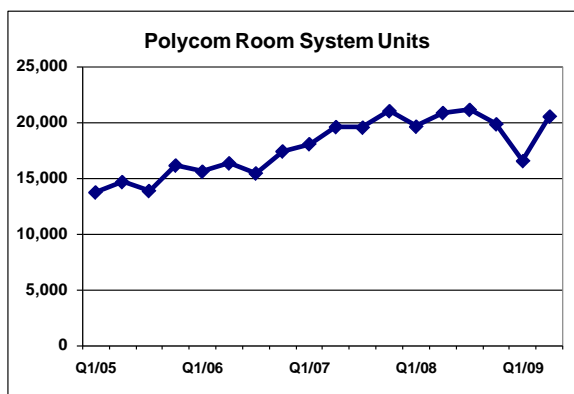
PANEL DISCUSSION (7/28)
 Collaboration deployment strategies. Hosted vs. managed services vs. DIY; how does UC or desktop video change the equation.
 This will be followed by a networking reception and then an optional [Twitter Bootcamp](#).

PANEL DISCUSSION (7/29)
 Video over IP: Where are we now, and when will the network services really be here? Is B2B a pipe dream?

Dollars & \$ense

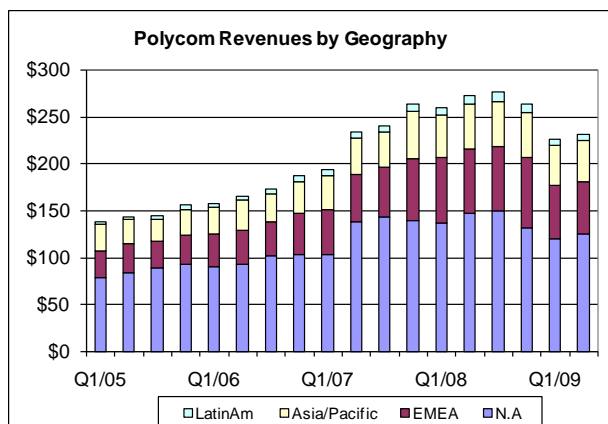
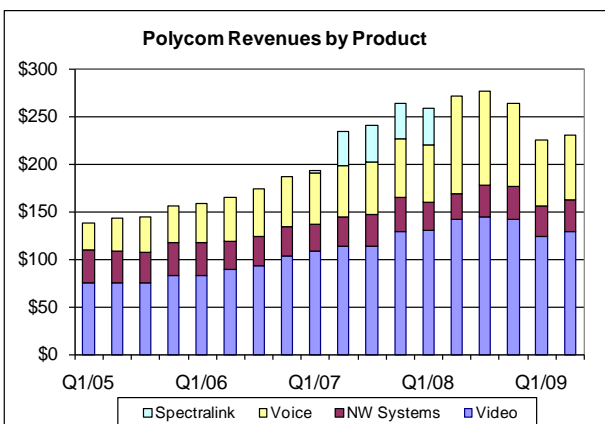
Polycom Q2-2009

I guess we don't know what to say about Polycom's Q2 numbers. We were amazed that all the Wall Street nuts on the earnings call congratulated the company on a great quarter – which appears to be defined as “beating estimates.” Impressive that sequential numbers are almost all positive – a good sign we agree; but annual growth figures, which we personally find more meaningful than sequential figures, are generally negative, and in many cases even more negative than they were last quarter. So, we reserve further comment and let the numbers speak for themselves. Two comments: Polycom mentioned that Q2 telepresence revenues were lower than Q1 telepresence revenues; and the group unit numbers for Q2 include the VVX1500 personal videophone (which is not a group system in our view and should be broken out separately) as well as the CX5000 (see Microsoft's RoundTable) which at least is intended for conference rooms. If you look at video revenues and divide by video units, you get meaningless numbers these days. Check the three quarters of numbers below.



PLCM	Q2-08	Q1-09	Q2-09	Sequential Growth	Annual Growth
Video	\$141.2	\$124.3	\$128.7	3.5%	-8.9%
Network Systems	\$28.0	\$32.1	\$33.0	2.8%	17.9%
Voice	\$102.4	\$69.0	\$69.0	0.0%	-32.6%
Total Rev	\$271.6	\$225.4	\$230.7	2.4%	-15.1%
Group Units	20,845	16,529	20,522	24.2%	-1.5%
Op Inc.	\$22.5	\$10.8	\$21.4	98.1%	-4.8%
North America	\$146.4	\$119.4	\$124.7	4.4%	-14.8%
EMEA	\$69.5	\$57.6	\$55.9	-3.0%	-19.6%
Asia/Pacific	\$46.7	\$42.3	\$43.2	2.1%	-7.5%
Latin America	\$9.0	\$6.1	\$6.9	13.1%	-23.3%

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



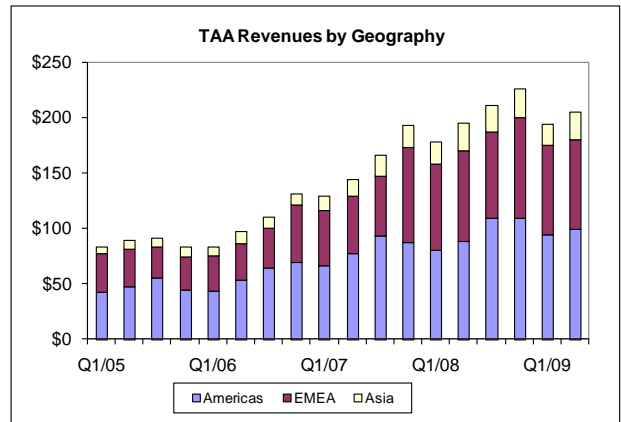
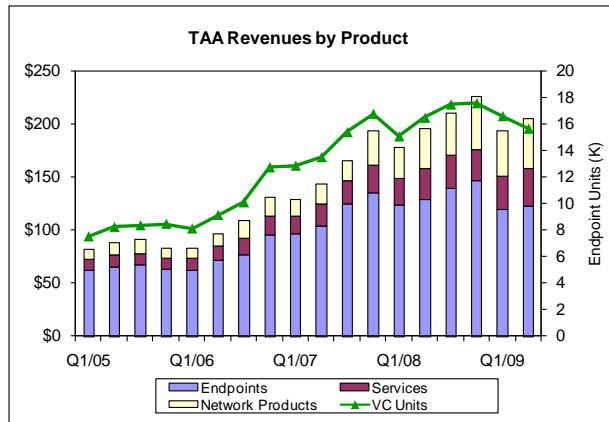
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Tandberg Q2-2009

Tandberg turned in impressive numbers this quarter, although slightly diminished in impressiveness compared to Q1 with endpoint units and revenues falling on an annual basis. The company's overall numbers are clearly being supported by dominating the video infrastructure market. During the call Tandberg claimed that its OEM business was down during the quarter and that shipment of E20

personal video devices were "not material." (E20 was zero in Q1) The company revealed a few additional details behind the Q2 numbers: Immersive telepresence revenues based on sales of the T1, T3 endpoints and the Telepresence Server MCU totaled \$12M; sales of integrated systems that have a 50" screen or higher (T3, T1, and Profile 52) totaled 582 systems. **WARNING:** You cannot compare the two numbers since they are based on different content.

TAA	Q2 08	Q1 09	Q2 09	Sequential Growth	Annual Growth
Americas	\$87.8	\$94.3	\$99.0	5.0%	12.8%
EMEA	\$81.8	\$80.3	\$80.7	0.5%	-1.3%
Asia	\$25.3	\$18.7	\$24.9	33.2%	-1.6%
Total Rev	\$194.9	\$193.3	\$204.6	5.8%	5.0%
Endpoints	\$128.6	\$119.1	\$122.8	3.1%	-4.6%
Services	\$29.2	\$31.3	\$34.8	11.1%	19.0%
Infrastructure	\$37.0	\$42.9	\$47.1	9.7%	27.1%
Op Inc	\$41.2	\$40.8	\$43.0	5.4%	4.4%
Endpoint Units	16,483	16,610	15,663	-5.7%	-5.0%



Event Calendar

Conferencing & Collaboration Events	
When & Where	Who & What
July 28-29; Boston, MA, USA	Wainhouse Research Collaboration Futures Summit
September 16, Zurich, Switzerland	Point Nine : Using Video beyond the Corporate Network
October 11-14, Anaheim, CA USA	Polycom User Group Annual Conference
October 26, Boston, MA USA	Wainhouse Research CSP Summit
April 20-21 2010, Berlin, Germany	Wainhouse Research Collaboration Summit

People & Places

Avistar, **Bob Kirk**, CEO

Whitlock Group, **Phillip Reyes**, Director of Government Sales

ClearOne, **Narsi Narayanan**, VP Finance

One on Two with Paradias's Lars Meloe and Ingvar Aaberg



Lars Meloe, Ingvar Aaberg

Heading into the July 28 Summit, B2B video communications, networking technologies, and firewall issues are big concerns on the minds of many users. We took a few minutes to chat with two executives from Norway-based Paradias, a small company but one of the more interesting vendors playing in the firewall traversal space.

WRB: It seems to me that back in the ISDN days we had quality problems related to bonding, but at least you could call anyone with an ISDN connection. Now with video running over IP networks we have broadband and higher quality images, but you cannot call anyone not on your network. Are firewalls the end to B2B video calling?

LM: Not being able to call out from or into corporate networks is a key inhibitor to releasing the potential of video conferencing and unified communications solutions. The industry – ITU and IETF – have started recognizing this and standardization is underway to enable communications across network boundaries. The ITU has standardized H460 and IETF is working on STUN, TURN, and ICE. Other challenges must be overcome as well, but solving the connectivity challenge is key in order to enable inter-organizational communications. Standards are a necessary step in the right direction, but standards need field-proven, industrial strength implementations, which is where our RealTunnel NAT/Firewall solution enters the equation.

WRB: Ok, this is a meatball question, but..... Exactly how can Paradias help organizations use their videoconferencing equipment to communicate with partners, customers and others outside their corporate network?

IA: Paradias is dedicated to making it possible to deliver standards-based and secure IP-solutions and services that can be accessed anytime and from anywhere. "RealTunnel" flattens the IP Network and thus allowing endpoints and servers to communicate seamlessly across networks, without infrastructure modifications. LifeSize and Avistar are examples of videoconferencing players that rely on Paradias's RealTunnel Firewall/NAT traversal product to allow corporations to communicate with partners, vendors, employees, or others across different firewalls and network configurations, without compromising quality, security or connectivity.

WRB: What exactly is the business of Paradias. And who are your target customers.

LM: Paradias develops and markets the RealTunnel and PANE products, in addition to offering professional services within the area of real-time IP solution and security. We work globally and our markets are service providers, video conferencing, convergence and Unified Communications.

WRB: Who are some of your customers?

LM: Adobe, Deutsche Telekom, BSNL, Gemalto, PCCW, Lifesize, Avistar.

WRB: How big is Paradias. Do you compete against Cisco and other network technology giants.

IA: We are 11 people in Oslo. We typically partner with the leading players in our industry. Our main competitor is in-house development, which often underestimates the complexity of building and maintaining a solution that has to adapt continuously to a moving target in order to work efficiently.

WRB: What is the distinctive competence of Paradias. Why should anyone want to do business with you?

LM: Delivering connectivity is not solved by one silver bullet. It is the comprehensiveness, robustness, security, and real-time QoS characteristics and breadth of protocol support that makes RealTunnel valuable. In addition, Paradias implements standardized technologies built by a

highly competent, focused, and enthusiastic team.

WRB: Does Paradiad support H323 and SIP?

LM: Yes, RealTunnel supports SIP and H323, in addition to H460, STUN, TURN, TLS, etc. RealTunnel continuously evolves to meet the needs of the market, one example being our Microsoft Office Communication Server (OCS) 2007 compatible ICE stack. That ICE stack enables anyone building interoperable OCS2007 endpoints start out with a fully tested ICE stack, available on Linux, Windows, MacOS, and Windows Mobile.

WRB: What are the security implications when using RealTunnel?

IA: There is an inherent conflict between the security requirements driving the deployment of network security elements – firewalls, NATS, etc. – and end-user’s expectations of service availability. RealTunnel works with existing infrastructures and does not require re-configuration of firewalls. H460 does require ports to be opened, and RealTunnel extends H460 with secure tunneling techniques addressing the needs of organizations and users for whom opening ports is either impractical or not acceptable due to corporate security policies. Further, some of our customers use RealTunnel to encrypt traffic.

WRB: Does this fit in with a hosted VoIP or video services provider?

LM: A key challenge to hosted service providers is to make services available to users independent of the location from which a service is being accessed – at work, from home, at a hotel, or from a hot spot. RealTunnel covers all those use cases. For both service providers and their customers this reduces deployment costs, risks, and support costs.

WRB: Will you be in Boston to chat with Summit attendees next week?

LM: Absolutely

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