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Elluminate rolls out Video-Centric Web Conferencing

Elluminate has released VCS 2.0, a multipoint video collaboration platform. The premise-based solution supports up to 25 endpoints in a session, H.323 interoperability, IM and call initiation through a presence engine, and up to HD720p point-to-point calls (HD720p requires dual core PC). An object-oriented whiteboard as well as chat and file transfer tools help round out the offering, along with LDAP and Active Directory integration and moderator controls of video presenters (with audio muting available). Audio callers can be added using third-party SIP origination services. Standard pricing is \$75,000 for a single-node server with 50 “ports” and 150 floating user licenses. Elluminate is running a special price, a 20-port server with 50 floating user licenses for \$40,000 through the rest of 2009.

Here’s what Alan Greenberg thinks:

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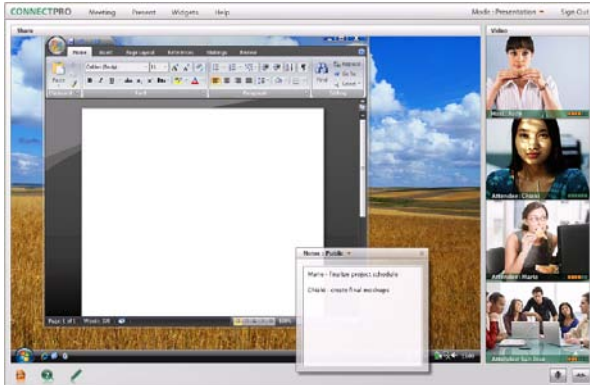
Elluminate is trading where other video-centric collaboration tools have boldly gone (and either found limited niche success, treaded water or failed) before ... from RADVISION (Click2Meet) to Arel to IOCOM. Does that make them foolish or wise? We played with Elluminate VCS 2.0 and, in addition to exceptional video quality even when used with web cams, found that the product incorporates many of the features that have made Elluminate Learning Suite a top web conferencing product in education: ease of use, simplicity, recognition of the need to address

bandwidth challenges in educational networks, and a mindfulness of how educators work. Elluminate has had a razor-sharp focus on education, and in the five years since we began tracking them have gone from nowhere to be one of the leaders of the “real-time virtual classroom” pack. While VCS will not supplant the entrenched classroom videoconferencing leaders, namely Polycom and TANDBERG, we believe the big guys will need to respond to this aggressively priced, nimble competitor that knows its chosen market well – and whose VCS will be competing increasingly with their group and desktop systems. It will be interesting to watch how Elluminate handles two separate products, the data-centric Elluminate Live! and the video-centric VCS.



News in Brief

- Adobe intro'd its 7.5 update to Adobe Acrobat Connect Pro web conferencing. Among the highlights are “Universal Voice”, which integrates the telephone audio from any audio conferencing provider so that it can be recorded along with a Web conference and streamed to additional VoIP-only meeting participants. The technology behind this capability is the “Flash Media Gateway”, which will eventually be able to transcode Acrobat Connect Pro audio and video to additional SIP devices and platforms – including group videoconferencing systems. “Connect Pro Webcast” is a new Adobe hosted service that enables large scale live events with up to 80,000 participants. Other 7.5 features include “Secure Desktop Sharing”, which enables the account administrator to define a whitelist of permitted applications that users can share in



their web conferences; and “Mobile Meeting”, which supports a tabbed user interface to chat, screen sharing, and video for mobile phones that support Flash. While the iPhone does not support Flash natively, Adobe has made a beta version of Mobile Meeting available for the iPhone by compiling Flash into the iPhone Mobile Meeting application. A new managed service option is now available in addition to Adobe’s hosted service and on-premise software deployment options. For those who elect to deploy on-premise, Acrobat Connect Pro is now certified on VMware instances; for those who prefer hosted services, InterCall is now an “enhanced audio provider” for Acrobat Connect Pro.

Andy Nilssen comments: Adobe is gaining some strong, unique capabilities. First, as Adobe rightfully emphasizes, any Flash-capable PC is ready for an Acrobat Connect Pro conference – no additional software downloads required (a huge benefit if you want to conference with someone who has a locked-down PC). Acrobat Connect Pro is uniquely available as a hosted service, as on-premise software, and now as a managed service. Adobe is building gateways to talk with the standards world via SIP for audio/video and XMPP for IM/presence. Their Flash-based mobile implementation appears to be sound. Finally do not forget – these new features build on a platform that already has strong asynchronous, “persistent” meeting capabilities – just as team workspaces are becoming more in vogue.

- Avistar announced additions to its family of Avistar C3 software solutions – one for Microsoft OCS and one for Citrix. The Citrix version is particularly interesting, since this is the first time we are aware of a videoconferencing solution tied to the Citrix ICA protocol.
- Psytechnics has released Service Desk Manager, an enhancement to its flagship product, Experience Manager. Service Desk Manager enables level one service desk staff to quickly identify and acknowledge IP voice or video call and service quality incidents, providing the necessary data to facilitate escalation to the right support group for immediate resolution.
- Hackensack, NJ based Vidyo has been granted its first patent. U.S. Patent No. 7,593,032, “System and Method for a Conference Server Architecture for Low Delay and Distributed Conferencing Applications” covers the key intellectual property behind Vidyo’s H.264 SVC technology, and specifically the company’s video router design. Vidyo was the first company to utilize H.264 SVC as the basis for a

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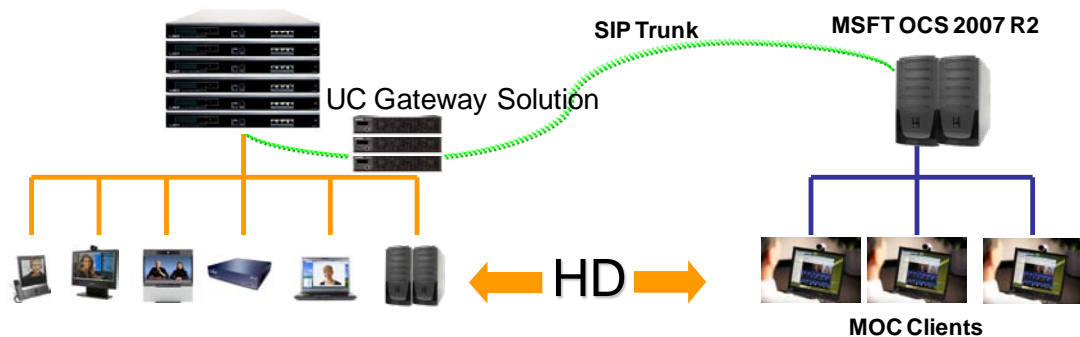
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videoconferencing solution. H.264 SVC enables a video stream to be broken into multiple resolutions, quality levels and bit rates. H.264 SVC is not backwards compatible with any of the legacy room or desktop systems we are aware of; however both Vidyo and Radvision claim to have devices (gateways and MCUs) to provide such connectivity.

- Avaya has expanded its relationship with AT&T by creating a dedicated customer sales center to serve the communications needs of SME. The center will enable AT&T and Avaya to serve customers through a common “front door,” providing one-stop shopping for both their network and equipment needs.
- Two mergers to report. VIPLA Planungsgesellschaft für Videokonferenzen GmbH has become a member of macom group. That means that the company specialized in the planning of video conferencing solutions will join the largest company for engineering, consulting and audiovisual communications in Germany. In the USA, ClearOne has acquired NetStreams.
- Tandberg has released information about its Unified Communications Gateway technology. This is not yet a product. The technology enables Microsoft Office Communicator users to experience high definition video when connecting to standards based systems. The technology is based on transcoding from Microsoft’s Real Time Video (RTV) to H.264.



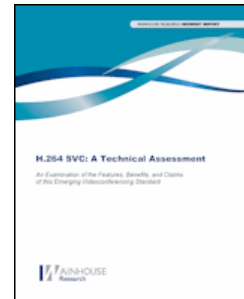
- UK-based video communications distributor Imago Group and AMX, the control and automation systems specialist, have come to an exclusive agreement to work together on the launch of a unique videoconferencing control system. The distribution deal follows AMX’s development of a solution to configure and control videoconferencing systems without the need for specialist programming or multiple remotes. Customers will be able to plug in the device, and use its in-built touch-screen to answer a few simple questions relating to the video conferencing system, size and type of display and method of connection. It will then automatically program itself.
- Polycom, introduced two new deskphones. The SoundPoint IP 335 (\$199) completes Polycom's portfolio of open SIP desktop phones featuring Polycom HD Voice. The CX300 (\$169) is the newest addition to the CX product family optimized for Microsoft Office Communications Server 2007 R2.
- AGT announced the v5.2 release of ENCORE, its flagship video bridging, recording and streaming product, immediately available as a free upgrade for existing managed service clients.
- Cisco announced that more than 35 higher education institutions have purchased the company’s telepresence systems.



New Studies from Wainhouse Research

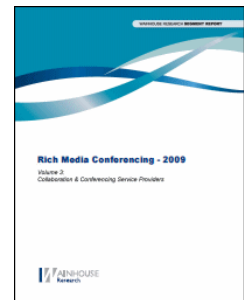
H.264 Scalable Video Coding: A Technical Assessment

Is H.264 Scalable Video Coding just another compression algorithm, or will it make a real difference? And what about backwards compatibility? This study describes the causes of videoconferencing problems over IP networks and how the nature of scalable video coding addresses these issues. The 35-page report also details how the cost and performance characteristics of scalable video coding will affect videoconferencing end users and will change the market dynamics for both conferencing service providers and network service providers. Summary and table of contents available at wainhouse.com/reports. For important pricing details contact Sara Fargo, sfargo@wainhouse.com.



Worldwide Review of Collaboration Services

With the release of *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.



New White Papers from Wainhouse Research (Free)

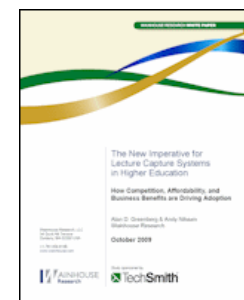
Evaluation of the IPeak IPQ Technology

WR recently completed an evaluation of the IPeak IPQ technology to see how this unusual solution handled varying degrees of packet loss on an IP network. The solution consistently (and automatically) reduced the packet loss received by each video system, in some cases by over 90%. This enabled WR to conduct successful video calls within our test facility at packet loss levels of up to 3%. Download your copy by visiting wainhouse.com/whitepapers.



The new business imperative for lecture capture in higher education

Lecture capture is fast becoming a "must-have" technology in higher education, as shown in WR's latest white paper, *The New Imperative for Lecture Capture Solutions in Higher Education*. Sponsored by TechSmith Corporation, this free white paper is based on a survey that shows that four out of five higher education respondents believe lecture capture is a competitive differentiator. The technology is now well accepted by digital natives (learners) and faculty alike. Download your copy by visiting wainhouse.com/whitepapers.



Call for Papers: Virtual Symposium with WR, Drexel University, & World Bank

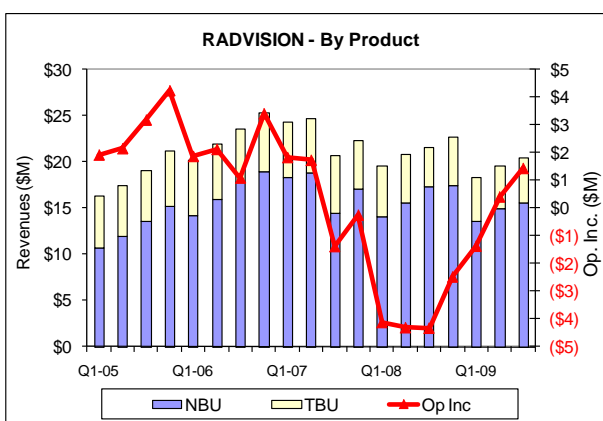
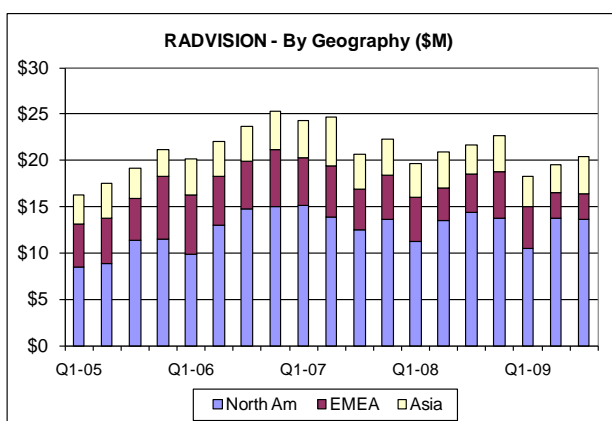
Revisiting a successful combination online and brick-and-mortar event last held in November 2008, Wainhouse Research will co-sponsor Education for Everyone: Expanding Access Through Technology with the World Bank Institute's Global Development Learning Network and Drexel University. On demand multimedia presentations, blogs, and live online events will be a part of the mix, with webcasts held March 24-25, 2010. A call for papers is being held through November 23, 2009. Visit www.global-symposium.com for more information or contact stacy@wainhouse.com.

Dollars & Sense

Radvision Q2-2009

Radvision reported Q3-09 revenues of \$20.4 million, up sequentially, and higher than expected in both revenues and earnings. The company ended the quarter with \$120M in cash, equivalent to \$6.17 per share. During the earnings call the company addressed the dilemma it faces given that it is likely to lose its biggest customer, Cisco, (representing 40% of Radvision's revenues) if the Cisco-Tandberg acquisition comes to fruition. Radvision cited its OEM and reseller agreements with IBM, Lifesize, Alcatel Lucent, and Huawei (in the 3G gateway space) as well as its relationship with Microsoft that are likely to strengthen as these suppliers increasingly compete with Cisco. Radvision also mentioned that its OEM relationship with Aethra was "on hold" with shipments halted in Q3 due to credit risk considerations related to Aethra's financial challenges.

RVSN	Q3-08	Q2-09	Q3-09	Sequential Growth	Annual Growth
Products	\$17.3	\$15.0	\$15.6	4.0%	-9.8%
Technology	\$4.3	\$4.6	\$4.8	5.2%	12.3%
Total Rev	\$21.6	\$19.6	\$20.4	4.3%	-5.4%
NA	\$14.4	\$13.8	\$13.7	-0.7%	-5.1%
EMEA	\$4.2	\$2.7	\$2.7	-0.2%	-34.8%
Asia	\$3.0	\$3.1	\$4.0	30.8%	33.8%
Op Inc.	(\$4.32)	\$0.42	\$1.45	246.8%	NA



The Big Three

		Q3-08	Q2-09	Q3-09	Sequential Growth	Annual Growth
PLCM	Room Video Units (1)	21,126	20,522	20,080	-2.2%	-5.0%
TAA	Room Video Units (2)	17,487	15,663	18,260	16.6%	4.4%
PLCM	Video revenues (\$M) (3)	\$144.2	\$128.7	\$130.0	1.0%	-9.8%
TAA	Video revenues (\$M)	\$138.8	\$122.8	\$143.1	16.6%	3.1%
PLCM	Infrastructure revenues (\$M) (3)	\$33.9	\$33.0	\$35.0	6.1%	3.2%
TAA	Infrastructure revenues (\$M)	\$40.0	\$47.1	\$53.3	13.3%	33.4%
RVSN	Infrastructure revenues (\$M)	\$17.3	\$15.0	\$15.6	4.0%	-9.8%
PLCM	Total revenues (\$M)	\$275.8	\$230.7	\$243.0	5.3%	-11.9%
TAA	Total revenues (\$M)	\$210.3	\$204.6	\$234.7	14.7%	11.6%
RVSN	Total revenues (\$M)	\$21.6	\$19.6	\$20.4	4.3%	-5.4%

1) Includes VVX 1500 and CX5000, 2) Includes E20, 3) Many include some services revenues

Avistar Q3-2009 Financials

Avistar reported total revenue for Q3 of \$1.4 million, as compared to \$2.7 million for same quarter in 2008, a decrease of 47%. Net loss in the quarter was \$1.9 million as compared to a net loss of \$774,000 a year ealier. Third quarter expenses included \$473,000 for severance paid to former executives and \$311,000 of legal services related to Avistar's intellectual property. These expenses are not expected to recur on a regular basis.

Event Calendar

Conferencing & Collaboration Events	
When & Where	Who & What
March 23-25, 2009, via the Internet	<i>Education for Everyone</i> Virtual Symposium
April 20-21, 2010, Berlin, Germany	Wainhouse Research Collaboration Summit
July 20-21, 2010, Boston, MA	Wainhouse Research Collaboration Summit

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