



# The Wainhouse Research Bulletin

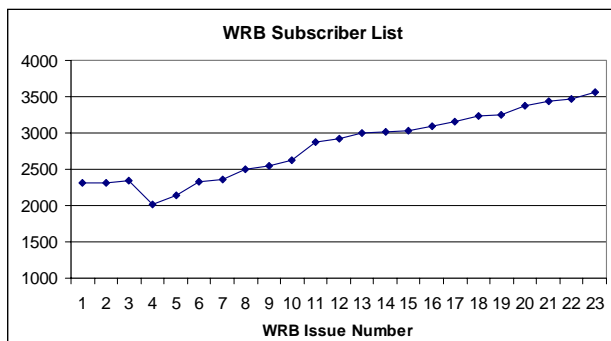
ONLINE NEWS AND VIEWS ON VISUAL COLLABORATION AND RICH MEDIA

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## Welcome to 2001 and Volume 2

Happy New Year Everyone. This is issue #1 of volume 2 of the Wainhouse Research Bulletin! The team here is looking forward to reporting to you all the multimedia conferencing and collaboration news and views in the coming year. Since we began our newsletter on July 24, 2000, we've published 23 issues and we're very pleased with the feedback we've been getting and with the rising tide of subscribers. Please encourage your colleagues to sign up for their own subscriptions. Despite the message in the header above, we are averaging about two phone calls per week asking us how much the subscription costs (it's free!) and three emails a week asking us how to sign up (go to [wainhouse.com](http://www.wainhouse.com)). It's simple. And now... on with the news.....



## Genesys Conferencing Acquires Astound

Just when we thought it was safe to sit back with our eggnog and relax for the Christmas break, Genesys announced the acquisition of Canada's Astound. Astound has 82 employees and sales of just over \$2 million in its most recent fiscal year. Genesys will

pay a purchase price of \$7 million in cash and 1 million Genesis shares, which are trading for about \$42.50/share as this newsletter is being written – so the purchase price is about \$50 million.

While PlaceWare, Evoke, and WebEx are more well known in the web conferencing arena, Astound has been quietly building a solid product/service in the market, and has closed several service provider accounts, including Vialog and Genesys. Several months ago, when Genesys selected Astound it also invested about \$5 million in the Canadian company.

### Here's What I Think

This acquisition positions Genesys well to provide a comprehensive range of audio, video, and web conferencing services to its customers and to control its own technology and destiny. I believe the Astound technology is first rate, and the team there has done a great job catering to some major customers.

I also believe the future of audio conferencing is web conferencing and if you look at the revenue models today, users are accustomed to paying per minute for audio calls, but generally think that web conferencing should be free, like this newsletter and everything else on the Internet! So, I question the long-term viability of stand-alone web conferencing companies; most of them will have to run for cover, and the best strategic fit is with an audio conferencing company. With this deal, Astound instantly picks up a large worldwide sales force. Nice move.

[Pierre.Schwich@genesys.com](mailto:Pierre.Schwich@genesys.com)

## **InView Jumps on IP Conferencing**

For those of you who have been waiting for a conferencing service provider to jump on the IP bandwagon, you should take a good look at InView. InView is about to offer its customers a comprehensive IP solution for a variety of conferencing services based on several services the company is about to roll out.

Perhaps the most important building block in the InView arsenal is an agreement with SAVVIS in which InView will provide conferencing applications to customers on the SAVVIS network. SAVVIS, a publicly traded company with a heritage in ISP operations and managed data networking services, operates an IP-over-ATM network that reaches over 117 cities in 51 countries through 151 POPs and 128 ATM and 147 frame relay switches. You can think of the SAVVIS network as a giant cloud providing quality of service for customers (subscribers) through a stable of POPs and private network access points (NAPs) where the SAVVIS network connects to UUNET, Sprint, and Cable&Wireless networks. Between SAVVIS and the others, you can probably get to all your corporate colleagues and more than half of your inter-company colleagues without touching the public Internet with IP voice/video traffic.

Without going into all the techno-babble about layers, switches, routers, and DS1 to OC12 bandwidth, suffice to say that SAVVIS is providing four quality levels or service agreement levels, where latency guarantees range from 50 ms to 75 ms and packet losses range from less than 0.1% to 1%. These latency figures are below the human detection level, so that IP voice and video on the SAVVIS network should be as natural as circuit-switched voice and ISDN video.

I believe this is the way IP voice and video conferencing is going to roll out – through a series of private IP clouds (Enron, Level 3, SAVVIS, Qwest and a host of others, including those mentioned above) and then ultimately through peering points that connect these clouds. Someday, but not anytime soon, quality of service will also be available on the Internet.

So, while SAVVIS is providing the network, InView will be providing the conferencing services. One important part of those services is the web-based reservation/management scheme, and for that, InView has selected Orchestra Software from Collaborative Systems, a software developer who has done a lot of work for Bell South. According to the product claims, Orchestra allows users to schedule and control their audio and video conferences, regardless of the brand of hardware in the network. Orchestra handles scheduling, billing, reporting, trouble ticketing, device control, and traffic management as well as automated H.320 and H.323 call launching and will be bundled into the overall InView suite of services. The “hardware-agnostic” claim by Collaborative Systems is a bit hard to swallow, given today’s state of the market. I’m not saying it isn’t true, I’m saying that recent trends from FVC.COM, 1414c, and Polycom/Accord would say the technology isn’t ready for “hardware-agnostic.”

The third element of the InView strategy is based on incorporating VX-Centrex hardware from Ridgeway Systems. Ridgeway’s VX system is a brilliant product that suffers because it doesn’t fall cleanly into any predefined product definition or category, and because it is an infrastructure or service provider product that has no enterprise counterpart. The VX is a multimedia applications platform + H.323 gatekeeper + switch + proxy server + NAT solution for address management. The bottom line is that the VX sits at the carrier site, not the enterprise site, and provides the intelligence for managing, connecting, and manipulating H.323 media streams. Because it sits at the carrier level, its functionality and services are available only to subscribers. The good news is that subscribers don’t have to reconfigure their networks or firewalls. All H.323 traffic passes through well known Ridgeway ports.

### *Concluding Thoughts*

InView is putting together the major elements required to migrate multimedia conferencing to H.323 and ultimately to the corporate mainstream – broadband networks with quality of service; web-based management and control systems; and infrastructure components for security, firewall compatibility, and reliable inter-enterprise (but same service provider) communications. These three

announcements rolled up into one event are exciting news indeed. The new service will be sold by about 200 sales people in SAVVIS, 15 in InView, and another 200 at InView's sister company Intercall.

When you look at the developments spurred by FVC.COM + Qwest; Global Video Com + PSI.net; WireOne + Exodus; V-SPAN, and 1414c, we should start to see some very reasonable clouds of IP conferencing deployed in 2001. It's now or never for the industry.

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### **Sony partners with V-SPAN for IP Conferencing**

Sony has announced a partnership with V-SPAN to provide end-to-end videoconferencing solutions for customers of its set-top system, the Contact.

Contact supports both H.323 and H.320. The video and audio conferencing network services from V-SPAN will include bridging, network provisioning, gateway connection, managed services, scheduling and reservations, and help desk for both ISDN-based and IP-based equipment. Additional V-SPAN services include web-based scheduling, network consulting, and event management, as well as product training. These services will be marketed and sold by Sony and its reseller network.

#### *Here's What I Think*

If you're a large enterprise, you probably have your own network and conferencing service provider if you need one. But if you're a small or medium enterprise (SME), dealing with the local RBOC or CLEC for ISDN and IP services can be a daunting task. And video applications don't always help. Since Sony is targeting SME with its Contact set top videoconferencing system, this deal makes some sense. End users get the warm fuzzy feeling of having one person (V-SPAN in this case) to take care of all the nitty gritty implementation details and to provide on-going services as well. Sony resellers get to sell one-stop solutions.

My inside sources tell me that V-SPAN and SONY teams meet every week to keep this program on track; so the program should bring real value to real

customers and not be just another pretty press release.

V-SPAN's experience in the H.320 world and the company's focus on delivering next-generation IP services put V-SPAN in a great position for the IP future and for gateway services to legacy systems. And having the Sony sales team/reseller network promoting the V-SPAN service is nice.

Deals like this have to make you wonder if we're heading for the cell phone model. Sign up for XX months of service and get the hardware for free!

Sony, meanwhile, has also announced a relationship with Broadwing that is more centered on cooperative marketing, in this case Sony videoconferencing systems and Broadwing IP services.

[joshc@vspan.com](mailto:joshc@vspan.com) (Josh Cartagena)

### **V-SPAN Rolls Out IP Services**

Literally as we were going to press, we learned that V-SPAN is about to announce two related new services. OnNet IP Conferencing is a complete videoconferencing-over-IP service that includes bridging and gateway services for V-SPAN customers. In conjunction with this announcement, V-SPAN is enhancing its Meeting Center web portal to include self-managed IP conferencing with features such as enterprise directory services, event notifications, and on-demand or scheduled call-launching capabilities.

V-SPAN has partnered with several network providers, including cable and DSL companies, to provide quality-of-service clouds for IP traffic. In addition, these networks can touch the Internet for communications to anywhere, although without QoS guarantees.

V-SPAN also announced the availability of comprehensive streaming services. Customer-provided content can be streamed across LANs, Intranets, or the web as a live event or on-demand.

If you look at V-SPAN today, the firm offers a wide range of integrated ISDN and IP conferencing services – audio, video, web, as well as a neat tie in to streaming delivery of conferences and other content. The firm is clearly way out in front of the

conferencing pack here, with a comprehensive offering organized under a web portal.

### *My Take*

It was just one month ago at the executive roundtable at TeleCon that the lack of IP services was discussed as one of the barriers to widescale IP deployment. And now in this issue we have both InView and V-SPAN jumping into the fray. A welcome development indeed, and a harbinger of several other announcements we expect to report on in the coming months. I believe conferencing won't take off without IP, and IP won't take off without 1) QoS and 2) IP-based conferencing service providers. It's all starting to come together. This could be the year!!

Voice your [IP conferencing](#) view on the WR Forums [mevans@vspan.com](mailto:mevans@vspan.com) (Mark Evans)

### **Wire One Reality Check**

After chatting with Rich Reiss at TeleCon, we asked to see a demo of the Glowpoint network off the show floor. So last week, we traveled to the backwoods of Canton, MA where Wire One has a demo facility. We've written a lot in this issue of WRB about IP communications, and quite frankly we were impressed with what we saw on Glowpoint. We did a series of PictureTel-to-PictureTel and Polycom-to-Polycom calls (384 kbps) over an IP WAN, both point-to-point and multipoint; and we did one call through a gateway to a legacy ISDN site. The performance was pretty amazing – fast connect times, low latency, few lost packets, and high video/audio quality.

The Glowpoint network is comprised of dedicated capacity on the Exodus IP backbone. This is in essence a closed system, also known as a private cloud, where the user can expect high quality of service and high reliability. Wire One has co-located bridges and gateways in ten Exodus data centers to create points of presence which are then accessed by customers using T1, fractional T1, or DSL lines, depending on what is available in specific locations.

Wire One's Glowpoint is only about a month old and connects somewhere around 50 endpoints today,

a small number. Glowpoint does not yet allow you to call non-Glowpoint users over IP, you have to use the Glowpoint gateway to get off the network. And the network does not yet connect to the Internet at all, so you need a separate connection for web surfing or Internet-based conferencing. But Glowpoint, like the other IP developments described above, represents the future of the conferencing industry.

[kharman@wireoneinc.com](mailto:kharman@wireoneinc.com) (Kelly Harman)

### **Ezenia! To Acquire InfoWorkSpace**

Just when you thought you might have heard the last from Ezenia!, the company announces a \$21 million acquisition (combination of cash and stock!) of InfoWorkSpace, a business unit of General Dynamics Electronics Systems. Under the terms of the agreement, Ezenia! will acquire the InfoWorkSpace product line and employ the management team and core group of developers.

Developed by General Dynamics Electronic Systems, InfoWorkSpace is used by multiple corporate and government organizations, including Defense Department agencies and the Intelligence Community, to build and organize online communities. The product includes instant messaging, virtual meeting rooms, and various collaboration functions such as whiteboarding, screen sharing, and online polling.

### *Here's What I Think*

The acquisition cost: While Ezenia! has been showing lots of red ink on its P&L statements, it did have \$40 million in cash and securities in the last publicly available balance sheet (9/30/2000). As this bulletin is being written, Ezenia stock is trading at \$1.25, down from about \$12 in Q1 of 2000. (The current market cap of the company is \$15.53 million, less than its cash in the bank, and less than the purchase price of the acquisition.) So presumably, the combination of cash and stock to buy InfoWorkSpace would be weighted towards more cash and less stock.

Ezenia!'s strategy has been as difficult to understand as any Intelligence Community black project. Ezenia!, once the leader in video bridging systems, has given up that market to Accord, Avaya, and

RADVision. The company no longer sees its core market in the videoconferencing or T.120 space. For the past 15 months Ezenia! has been talking about the coming age of web interactivity and has been pursuing a product strategy to enable web sites with real time voice interactivity. As the company says, this “adds life to the Internet;” I’m just not sure when or if it will generate revenues for Ezenia! stockholders. But time will tell. The product is due out any day now.

The combination of InfoWorkSpace and the Encounter (IP) product line does represent an interesting hardware/software combination for real-time collaborative solutions. And as part of the deal, General Dynamics becomes a reseller of Ezenia! products into the government. So, I see three possible outcomes here. A) I don’t get it, and Ezenia! is about to set the corporate real-time collaboration market on fire and reverse its recent financial fortunes. B) I do get it, and Ezenia! management has been taking strategy lessons from some kamikaze pilots. C) Ezenia! is about to be fabulously successful in the spooky world of military and defense intelligence, which means we just won’t know anything about their products, customers, or applications. Let’s hear your pick on the [Ezenia! discussion](#) on the WR Forums now.

[sbasset@ezenia.com](mailto:sbasset@ezenia.com) (Steve Basset)

### **Distance Education in Maine**

I ordinarily wouldn’t cover this type of story.... but. Two and half years ago my wife and I were on the beach in Bermuda and started chatting to the couple next to us about motor scooters and Bermuda Rum. I asked the fellow what he did, and Richard Hinkley asked me if I knew what ATM was. “Are you talking about the machines you take money out of, or the technology you pour money in to,” I replied. Well, turns out Richard was in charge of rolling out a state-wide ATM network for distance education in Maine. I believe the project hit some serious pitfalls over a year ago due to the failure of some three-letter company to deliver the goods. However, a press release crossed my desk last week from the governor himself announcing a major distance learning deployment using ATM networking and MPEG-2 videoconferencing systems (from FVC.COM by the way). One of the reasons grade

school educators require MPEG-2 high quality video is that younger students are more easily distracted by imperfections in the video. Adult students will dismiss video imperfections and focus on content, while the younger students will focus on the glitches and miss the content.

Maine’s network will be deployed in over 40 classrooms this year but will ultimately be extended to all high schools, vocational centers, and selected libraries. Maine, with its rural population and roads that are snow covered from nearly September 2 to July 4, is an ideal place for distance education.

[mmalley@fvc.com](mailto:mmalley@fvc.com) (Melissa Malley)

### **New Industry Resource Book Available**

Wainhouse Research has published “[The 2001 Multimedia Conferencing Industry Resource Book](#),” our guide to the technologies and market trends driving the industry. Aimed specifically at conferencing end users, this 220-page book also includes an overview of over 75 vendors and scores of products and services. Price is \$995; details available at [www.wainhouse.com](http://www.wainhouse.com).

### **Andrew’s Top Picks for 2000**

No top ten picks for me because ten is just an arbitrary number; no best products because if you say best you have to say best for what and best for whom. Instead, here is a short list of the NEW year 2000 products/services/events that impressed me the most in a positive direction. (I’m not going negative so early in the year!)

In alphabetical order:

**Brainshark:** I know it’s not video, but a service that lets you annotate your slides via telephone, and then store the synched file as streaming media than anyone can view at his own convenience seems to hit dead center on a major market need.

**Genesys:** A merger binge to gain scale, capabilities, and reach. Give the French credit for thinking big. The pending acquisition of Vialog will double the company, while the acquisition of Astound gives Genesys leading-edge web conferencing capabilities and control of their own destiny.

**PictureTel:** 900 Series. Impressive for its outstanding audio and video, the PT900 Series also



includes a raft of innovations from its ImageShare peripheral to the People+Content user interface. The 900 Series also represents the penultimate PC-centric system, with its Pentium-Windows NT foundation open to the user and with collaboration functions built directly into the Windows interface for all software applications. The PT900 Series is doubly impressive because of the enormous burden it carries – the fate of PictureTel is riding on this stunning product, but the competition from new-age appliances will be fierce. And the competition isn't sitting still.

**Polycom:** ViaVideo was the first USB camera with hardware compression we could get our hands on and we have been continually impressed with its performance, packaging, and price. The user interface is superb and while other companies like Sorenson and VCON are sporting their own USB products, we think ViaVideo will stand the test of time and be one of the industry's classic products.

**Polycom:** the pending acquisition of Accord Networks has the potential to turn the industry in new directions, to provide customers with end-to-end Polycom products, and to change the competitive landscape permanently. A brilliant strategic move, but also one that could stretch Polycom's reserves.

**TANDBERG:** the TANDBERG 6000, introduced at the very beginning of the year, was a truly breakthrough videoconferencing appliance with its ability to accept inputs directly from a computer VGA port, dual stream support, 60 field encoding, and 4CIF still images. Buried under the hood was the fact that the 6000 was an entirely new hardware architecture for TANDBERG, one designed to take them well into the next decade. During the year TANDBERG quietly (too quietly in our opinion) rolled this architecture down the product line, creating one of the most comprehensive videoconferencing system lineups in the industry. (product breadth matched only by Polycom in our opinion)

**TANDBERG:** The TANDBERG 1000, introduced at the end of the year, is a marvel in industrial design and is sure to turn heads in small conference rooms and executive offices. When was the last time you

said “cute” and “videoconferencing” in the same sentence?

**Wire One:** Give this company credit for taking the bull by the horns. After merging ViewTech with All Communications, Wire One departed along an entirely new business plan – bringing quality of service IP networks to corporations over DSL and T1 lines. The Glowpoint Network has yet to prove itself, but the foundation has been laid, and Wire One is well on the way to giving corporations what they want – low cost, reliable videoconferencing network connections.

**Zydacron:** After years of talking about video quality and high reliability, Zydacron's comCenter exec takes a new direction – Intelligent Meeting Systems. Zydacron has tightly integrated scanners, faxes, printers, whiteboards etc. into their PC-centric group systems product line. Yes, comCenter does videoconferencing, but it also performs a host of other functions that most meetings really require.

## People & Places

**Vsoft,** Robin Wilson as VP Business Development

**Sony,** Nick Twyman, Sony Entertainment Robots Europe (I'd like an AIBO to test out, please!)

## Letters to the Editor

Andrew:

From RADVision's perspective, the acquisition of Accord by Polycom strengthens our existing relationships with our current endpoint partners as well as our relationship with Cisco. As for "the strengths of the Accord product line", our new ViaIP product line is far superior in many ways including a more advanced and scaleable architecture with much more power. What Polycom gains from the acquisition is a channel into service providers.

*Michelle Blank, VP Galactic Marketing, RADVision*

Got a comment? Speak your mind on the [Polycom/Accord discussion](#) on the WR Forums.

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