WAINHOUSE Research

News & Views
on Unified Communications & Collaboration

2013 Recap, 2014 Predictions

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It's that time of year again, folks. How'd we do in our predictions for 2013 and what do we think is around the corner for 2014? First we recap our 2013 forecasting and grade ourselves "sorta" ruthlessly, then we move on to 2014. We cover every corner of UC&C, including some controversial topics or trends like WebRTC, MOOCs, network security, video services, and more. Did we mention we get to disagree internally and share those disagreements on-stage, online with you next week?

2013

Marc Beattie predicted that **Arkadin** would succeed in establishing a joint partnership to manage collaboration services for a major Telco on all major continental regions. **Outcome: Almost nailed it!** "In 2013, 91%

of Arkadin was acquired by the third largest Telco in the world, NTT. They now have more than ten major Telco partnerships in Western Europe (e.g. **Orange** and **Belgacom**) and Asia Pacific (e.g. **Tata, SingTel, China Unicom**). They seem to have decided to go it alone in Latin America, and it seems **AT&T, Verizon, Bell,** and **Telstra** are holding onto their conferencing businesses in North America."

Steve Vonder Haar predicted at least one M&A event involving peer-to-peer networking vendors. **Outcome: Mixed bag!** "**Versata's** June acquisition of **Ignite Technologies** mid-year fulfilled the M&A component of this prediction, but the enterprise software vendor did not acquire the company as part of a strategy for building a more grand streaming solution. Instead, Versata is promoting uses of the Ignite peer-to-peer solution that extend into distributing software updates and virus patches within the enterprise."

Bill Haskins predicted that telephony-enabled UC finally will begin to gain critical mass in the mid-to-large enterprise. And he expected to see the number of telephony-enabled UC implementations continue to increase, and the telephony role implemented in over 40% of UC deployments by the end of 2013. **Outcome: Nailed it!** "Our 2012 survey had 34% of mid-to-large enterprises reporting they had deployed PBX functionality within their UC platform — over a 2x jump year-over-year. While the 2013 numbers are still coming in, initial responses have telephony-enabled platforms right around the 40th percentile."

Alan D. Greenberg said that colleges and universities would continue to trial and discover how to use Massive Open Online Courses (MOOCs) — and that some education-directed collaboration vendors would struggle to identify new solutions to address the scalability requirements of MOOCs — introducing one or more solutions by the end of year. **Outcome: Almost nailed it!** "We're coming out of the MOOC hype cycle as higher education now recognizes it's a lot harder to figure out how to make MOOCs work than it is to throw 20-second boiled spaghetti on the wall to check on al dente! For now the MOOC movement isn't fully cooked. Udacity pulled out of the education market, recognizing it has a "lousy product," but **Blackboard, Desire2Learn, eCollege** and others all delivered some type of MOOC capability or service — albeit highly limited in most instances."

Andy Nilssen felt that **Citrix, Adobe,** and others would roll out a freemium version of their web conferencing offerings to counter the emergence of credible freemium offerings from **WebEx, Join.me,** and others. **Outcome: Mixed bag!** In Andy's words, "tip-of-the-iceberg right. Citrix 'reacted' with a new, lower-priced 'Essentials' bundle in 2013, but no freemium offering. Adobe has not budged."

Andrew W. Davis predicted that **Cisco** would exit the hardware-based group video conferencing and telepresence business and concentrate on voice solutions, UC, social, and software clients for all forms of collaboration. He pre-

dicted a "shut down, sell-off, or spin-off." **Outcome: Mixed bag!** "I was close because Cisco migrated all video infrastructure to software and had no significant video hardware introductions. But I missed on this score: Cisco still sells video hardware."

Ira M. Weinstein forecast that a growing number of video conferencing product vendors would release service offerings designed to motivate usage, generate recurring revenue streams, increase customer stickiness, and differentiate their offerings. He also felt that the proliferation of personal video conferencing would motivate enterprises to outsource an even greater portion of their video conferencing environment to service providers. **Outcome: Nailed it!** "Product vendors such as Cisco, **Polycom, Vidyo,** and **ClearOne** now offer video conferencing services. While this represents an obvious channel conflict, vendors must follow this path to ensure that they remain a key part of the video / UC discussion. And, as enterprises video-enable their workers on miscellaneous devices, they increasingly are looking to outsource a greater portion of their video conferencing device and meeting management. We expect this trend to continue for quite some time."

Outcome: Mixed bag! "I was close because Cisco migrated all video infrastructure to software and had no significant video hardware introductions. But I missed on this score: Cisco still sells video hardware."

2014

Andy Nilssen: "While perhaps not branded as WebRTC per se (and unconcerned with interoperability), the underlying WebRTC technologies will enable web conferencing players of all sizes to add high-quality, browser-based video conferencing to their offerings — which will increasingly fuel their ability to give traditional video conferencing providers a run."

Alan D. Greenberg: "VC incumbents will feel the heat. By this time next year the combined market share Cisco /

Polycom hold specifically in K-12 and Higher Ed for video conferencing sales will be down 5%-10%. New or relatively newer players like **Pexip, Acano, Zoom.us, FuzeBox,** and **Blue Jeans Network** will gain further traction in all educational market segments. **Interactive whiteboards** will come back as a category "in favor" among the educational users we survey in our metrics reports. And look for web conferencing and lecture capture to continue to be hotspots, with the former hitting 90%+ penetration rates, the latter greater than 50% (in our surveys)."

Bill Haskins: "The UCaaS space will see another round of consolidation, with at least three independent providers getting absorbed through M&A activity in 2014. There are a number of attractive, right-sized providers delivering various levels of the UCaaS stack who have proven their ability to grow over the last several years. **Chinook Communications, SIPCOM, Applicable, NextPlane,** and **Thinking Phone Networks** are just a few examples of smart UCaaS-related companies that have built solid brand and forward-looking business models and that could be prime for acquisition."

Steve Vonder Haar: "The year 2014 will be the year when hybrid solutions — offerings combining elements of on-premise deployments and hosted software solutions in an integrated package — will come of age in the streaming platform market. Vendor product upgrades will increasingly showcase hybrid capabilities, setting the stage for solutions that combine the security and reliability of on-premise with the expanded flexibility of hosted solutions. The hybrid wave also will foster accelerated partnering and product integration efforts between developers of solutions that target different segments of the streaming video workflow."

Marc Beattie: "The NSA in the U.S., the GCHQ in the UK, and China's MSS through a variety of agencies and organizations (can you spell Huawei?) have gotten nearly every commercial enterprise concerned about who's listening in. Audio conferencing providers switching from 6- to 10-digit PIN's hasn't made your conference call any more secure — just more frustrating to get into (yes, I know it cuts down on fraud). Web and video conferencing is a bit more secure — it is easier to encrypt an all-digital
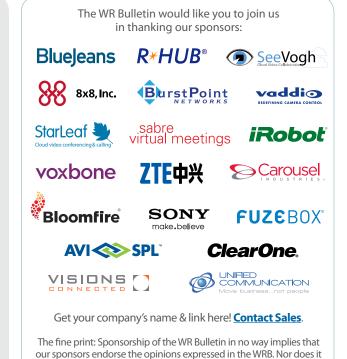
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transmission. In 2014, it is likely that multiple collaboration service providers will introduce two-three levels of increasingly secure digital conferencing as a new service. Think in terms of multi-factor authentication where only one instance of an individual's credentials can be used at any one time on the network (no forwarding the meeting invite), and when you need to step it up one notch, 'double wrap it' with two forms of encryption, e.g., encrypted once with RC4-256, then again with AES-246 bit."

Ira M. Weinstein: "During 2014 and 2015, we will see dramatic changes in enterprise meeting rooms. More conference rooms will be video-enabled thanks to the availability of low cost, high performance video endpoints. AV deployments will become simpler, less expensive, and more powerful thanks to multi-function devices (e.g. Crestron's DMPS) and the expanded use of cloud services. Also, service providers will release hybrid offerings that leverage a combination of software-based, on-premise infrastructure systems and hosted systems. The result will be a fully outsourced video service that uses the customer network when possible and the provider's platform as required."

Andrew W. Davis: "The traditional VC endpoint business will be down in 2014 and this will cause several changes: 1) at least two senior exec level turnovers; 2) at least one major player will adopt a *sell direct* strategy; and 3) a channel partner revolt will open an opportunity for China-based vendors in western and developing markets. Finally: WebRTC will still be insignificant at end of year. Hype around WebRTC far exceeds the reality. There are lots of technology / political glitches for one, and another is that when you think about it, most of the functionality has existed for quite a while."

Skeptical? I am too — some of these are bodacious and highly debatable and I know some analysts are primed to go head to head with Andrew regarding his WebRTC comments. For that reason, **join us next week on Thursday, 16 January at 11 AM EST** for a round-robin webinar in which we will discuss, debate, and throw digital darts at one another. It's guaranteed to be entertaining for all. We call it *Insight 2014: The Year Ahead in Video, Collaboration and Unified Communications.* [Click here for details and to register](#).

COLLABORATE!

News in Brief

Video / Web Conferencing

- **ClearOne** announced this week it is buying **Spontania** from Spain-based **Dialcom Networks, S.L.** in an all-cash deal for €3.65 million (approximately US $5.0 million). Spontania is a software-based cloud collaboration solution that combines video conferencing and web conferencing into a single enterprise solution meant to scale to tens of thousands of users. Spontania complements ClearOne's existing premise-based, enterprise video conferencing offering, COLLABORATE (VCON). And reportedly Spontania includes presence integration and the ability to start a desktop video session from IM very quickly. ClearOne will fund the acquisition of substantially all the assets of the Spontania business with available cash and will not assume any debt.

- Cisco announced at this week's **Consumer Electronics Show** that it's partnering with Samsung to feature its **WebEx Meetings** app on the home page of some **Galaxy** tablets. Samsung's Galaxy devices will let users share their screen, turn a call into a WebEx meeting, or start a meeting from a contact list. Galaxy users will get WebEx Meetings Premium 8 accounts for free for six months (along with other items like subscriptions to **Bloomberg Businessweek+**, free **Dropbox** for two years, and other apps and content). Color us skeptical — do mobile users want to have deal with and otherwise uninstall on their mobile devices what we used to call

Samsung Galaxy Tablet

@$##ware when the PC vendors did the same thing? Meanwhile, **Jabra** announced that all of its headsets and speakerphones now offer fully-integrated call control with the latest *Cisco Jabber for Windows.* Jabra is also the first headset vendor to complete the Cisco certification process, which allows Jabra to provide a complete USB, Bluetooth and DECT offering on key audio devices.

- **Saba** has unveiled *Recruiting@Work,* a talent management solution that addresses three core requirements: predictive recruiting, collaborative hiring, and accelerated screening and onboarding. As part of Saba Cloud, Recruiting@Work is able to tap into Saba's web / video conferencing capabilities to power video interviews, including recording interviews for later review across the hiring team.

- **Clary Icon** has partnered with **Acoustic Magic,** makers of the *Voice Tracker* desktop array microphone, to include the Voice Tracker II with Clary Icon's *OneScreen* collaboration system. The Voice Tracker reportedly can pick up all people speaking within a 20-foot radius and includes acoustic echo cancellation (AEC), and background noise reduction. The Voice Tracker II's two-stage noise reduction originates with the array microphone locating the person speaking, and then electronically focuses a "listening beam" in that direction.

- Video conferencing vendor **Magor** announced a net loss of $1.5 million during its second quarter of 2014. That's down from a net loss of $1.6 million for the

same period last year and a net loss of $1.7 million during the previous quarter.

- Last month service provider **Chorus Call** announced it is partnering with **AVer** and **Logitech** to provide its customers with bundled visual collaboration offerings. The new *Chorus Call Virtual MCU Video Collaboration Bundle* will include an MCU, webcams, conference control dashboard, and the new AVer EVC 100 room system — for a monthly fee. Initial incentive programs included complimentary Logitech C930e webcams for the first 25 companies that "sign up," and with every virtual port purchased, businesses will receive *Companion*, a streamlined audio-video endpoint application.

- **AGT** has named its Kennesaw, Georgia office as Headquarters. It also announced last month that **ECOTECH** will use its Video-as-a-Service platform to add cloud-based video services to its existing portfolio. The new video conferencing service, named *Ecoprezens*, connects standard high definition conference room systems with a wide variety of desktops, web browsers, tablets and smartphones.

- **Kanda Software** has announced that it has added **Google+ Hangouts, Viber,** and **Facebook** recording capability to *Callnote Pro* in addition to **Skype** call recording. Callnote Pro is a high-end version of Callnote software, which was created to enhance caller experiences by adding capability to record Skype video and audio calls. A 1-year free trial is available for anyone who downloads Callnote Pro before January 15th, 2014.

UC&C

- Service provider **Voxbone** is now offering to its customers mobile numbers that were previously only available from mobile operators in Europe, and reportedly is the first in the world to offer mobile numbers from multiple countries that support both voice and SMS. Thus Voxbone claims it has become the first pan-European "Mobile Virtual Network Enabler" (MVNE). With numbers initially available in Spain and the UK, Voxbone's mobile numbers will enable cloud communication providers to fully integrate mobile services into their B2B products, including cloud-based PBX and unified communications services.

- **BroadSoft** has acquired Germany-based **finocom**, a provider of cloud-based UCaaS that will enable

BroadSoft to accelerate its presence in the German market. Total acquisition cost is approximately $9 million in cash. The acquisition is expected to add approximately $2.5 million in revenue in 2014 for BroadSoft. And finocom's employees will join BroadSoft as part of its European team.

- **Fusion¸** a player in cloud services that can support UC, announced this week that on December 31, 2013, it completed the previously announced acquisition of **Broadvox LLC's** cloud services business for an aggregate purchase price of $32.1 million in cash. The acquisition adds scale to Fusion's existing cloud services business, which provides a range of cloud communications, cloud connectivity, cloud storage and security services to the business market.

- Based on strong recent growth, UC player **SoundConnect** has opened new offices in Philadelphia and Washington D.C. The company's offerings include a portfolio of UC&C services, e.g., **Microsoft Lync, Adobe Connect,** WebEx, audio conferencing, webcasting, video conferencing, and hosted **Microsoft Exchange**.

Miscellaneous

- **Verizon Digital Media Services** this week finalized its previously announced deal to acquire content delivery network **Edgecast**, snapping into place another piece of its strategy in assembling an end-to-end online video technology platform for handling online video content. No terms were announced but published reports peg the value of the deal at $350 million. Verizon is pairing Edgecast capabilities with technology it acquired in its recent purchase of **upLynk** — an offering that enables encoding, storage, playback, ad insertion and other streaming platform capabilities. While Edgecast historically has served clients in the media and entertainment sector, its integration with Verizon's broader platform sets the stage for Verizon to make a more aggressive push into the enterprise streaming space.

- Last month the **CineGrid International Workshop,** which is held each year at **UC San Diego's Qualcomm Institute** in the U.S, included a demonstration of 4-way streaming of 4K video (four times the resolution of HD). The demo included a live 4K video feed of a dental extraction — apparently not for the faint of stomach. The apps envisioned: delivery from surgical operating rooms

for medical education, professional training, and second-opinions-at-a-distance (Telehealth 'r us.) CineGrid is a non-profit international membership organization focused on connecting people around the world who are experimenting with "extreme" digital media.

- Russia-based **TrueConf** began on 1 January of this month to be the first developer of video conferencing solutions to accept **Bitcoin**, the decentralized digital currency that has been very much in the news recently. Conversion of dollar prices will be performed in accordance with the current rate of one of the world's largest exchanges working with this currency. To purchase video conferencing services, customers can make a transfer using their e-wallet software, such as Bitcoin-Qt.

People & Places

Know someone in the industry who changed jobs? Jump into a new role yourself as vendor, end user, or channel partner? Email us at WR@wainhouse.com to share the good news.

- Alcatel-Lucent, **Tim Krause**, Chief Marketing Officer

- ScanSource, **Yvette McKenzie,** President, Latin America and Mexico

Yvette McKenzie, ScanSource

Tim Henry, Vaddio

- Vaddio, **Tim Henry**, Director North American Sales

- VBrick, **John Bowman**, VP Public Sector; **John Copeland,** Director of Sales, SLED and Medical

John Bowman, VBrick

John Copeland, VBrick

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1:1 Raymond Alves, CEO, VisionsConnected

Andrew W. Davis, andrewwd@wainhouse.com

VISIONS CONNECTED

Andrew caught up with **VisionsConnected's** Raymond Alves over the winter break. A veteran of **KPN** and **TANDBERG**, he founded his latest venture all the way back in…2007.

WR: There are hundreds or even thousands of video conferencing channel partners. How is VisionsConnected different, or maybe you aren't?

RA: VisionsConnected is a worldwide specialist in reliable and safe services for video conferencing and UC. We are different from others because we are satisfied only when our customers improve their productivity and collaboration with hassle-free, secure, and high quality videoconferencing. We realize this goal by offering them a tailor-made managed cloud service that makes the most out of their videoconferencing investments. Today, we manage thousands of video clients in more than 80 countries globally.

Having said this, we are not one of the many. Our starting point in the conversation with a new prospect is how we can help. We tell the customer we start by managing your communication — video conferencing flow — by introducing our cloud service. If new hardware is needed or if hardware needs to be replaced, we can do that. But, our main business is making customers happy by introducing and managing a proven, secure, SLA-backed service.

WR: Products vs. services? Which one is the biggest part of your business? And which is growing faster?

RA: Services! Big time! We do deliver hardware to our customers, because this is an important part of our service. Our revenues from hardware keep growing but services are about 70% of the total. However, I believe good hardware vendors are needed to drive the industry forward. We work together closely with the suppliers and add a hassle-free service. That makes the working lives of our customers easier and more productive.

WR: I know you are headquartered in Amsterdam. How important to your business are your offices in Dubai, Frankfurt, Gent, London, and Oslo. And how did you pick those cities?

RA: Well, to start, the majority of our customers are global. Secondly, we are from the Netherlands. Meaning if you drive (or fly) an hour and a half from Amsterdam you will pass the border with Germany or with Belgium or land somewhere in the UK, Norway, France, Switzerland, etc. It is in the Dutch DNA to expand to other locations. The reason why we picked those countries is a combination of good people and an excellent business opportunity. That's also the reason why we work together with **Solutione** in Brazil. Good people and a good business opportunity!

WR: How are the customers or applications different, if they are different at all, between these different countries that you are in?

RA: The application and service VisionsConnected offers to our customers worldwide is the same. It is the adoption cycle which is different in every single country. The Netherlands, for example, is a very service-oriented culture. This is not necessarily the case in Germany or Belgium. Generally speaking, our customers all have one common starting point. They all invested in video a while ago, but they have never been able to get the most out of their systems. The local infrastructure has become obsolete and there are a lot of questions about who uses which systems, service contracts, who is responsible for

what, etc. This is the sweet spot we're in. We make things work again and facilitate good quality, hassle-free and secure videoconferencing. Happy customers use their videoconferencing systems a lot more and have more reason to think about new things.

WR: If mobile video conferencing becomes popular, how will your company make money from that application?

RA: That is exactly where we come in. We are the glue between different UC-environments. What is new here? Nothing really; we have been doing this for years now. What we haven't done is tell the world what we are doing. This is going to change starting now.

WR: In your previous life you worked for both a service provider (KPN) and a vendor (Tandberg). What did you learn from them?

RA: Well, for one thing — I think none of the existing service providers will be capable of introducing a true service. Yes, they have everything in place to do so, but managing a service is a different ball game. Keeping customers happy and meeting their specific requirements are almost impossible tasks when you are a process-driven company.

From a vendor perspective, the same holds true. Tandberg was capable of being agile and addressing a lot of customers' requests. Actually, the level of innovation at Tandberg was driven largely by customer input. However, while I have a deep respect for what vendors like Cisco and Microsoft (Lync) are doing, I believe the real changes in the industry will come from a different direction. Not from the vendor community, but rather from a service provider, probably in combination with a technology provider that is focused on the future and not hindered by its legacy.

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WR: What do you see at the biggest challenge facing companies like VisionsConnected. Is it dealing with nasty vendors, recalcitrant customers, falling margins, or what?

RA: None of the above. I believe technology is not making the difference anymore, but the service provider is. Concerning technology, you only have to choose which vendor you like most; in general they all deliver a suitable technique. Some vendors will leave the industry, new ones will pop up. So, if the equipment and networks are good, customers demand a reliable and hassle-free service with good quality. A good service provider provides the customer with this experience and keeps improving the level of expectation for existing and new customers. That's my personal ambition and the promise of VisionsConnected.

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