

# Enterprise Videoconferencing Endpoints & Infrastructure Products Forecast

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## About this Document

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## About Wainhouse Research

Wainhouse Research is an independent market research firm focused on critical issues in rich media communications for the enterprise. The company conducts research studies, provides strategy advice to vendors and end users, publishes a variety of reports, white papers, and a free newsletter, and organizes conferences on collaboration and conferencing solutions. Visit [www.wainhouse.com](http://www.wainhouse.com) for more information.

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NOTE: The material presented in this report is based on both primary and secondary market data coupled with our professional interpretation of the facts. We believe that the information and recommendations provide a basis for sound business decisions, but no warranty as to completeness or accuracy is implied. All market estimates and forecasts are those of the authors, except as noted. We welcome your comments on this report.

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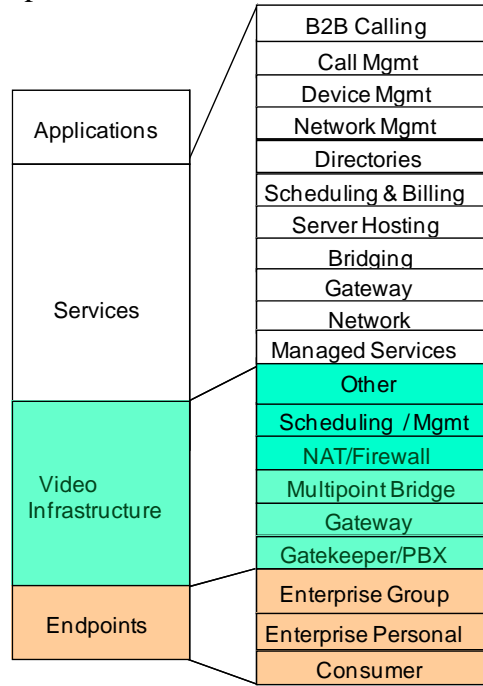
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## Market Segments Overview

This report covers certain segments of the enterprise videoconferencing industry. As shown in our segmentation schematic, the market includes endpoint products, infrastructure products as well as services and applications. This report specifically covers products – both endpoints and infrastructure.



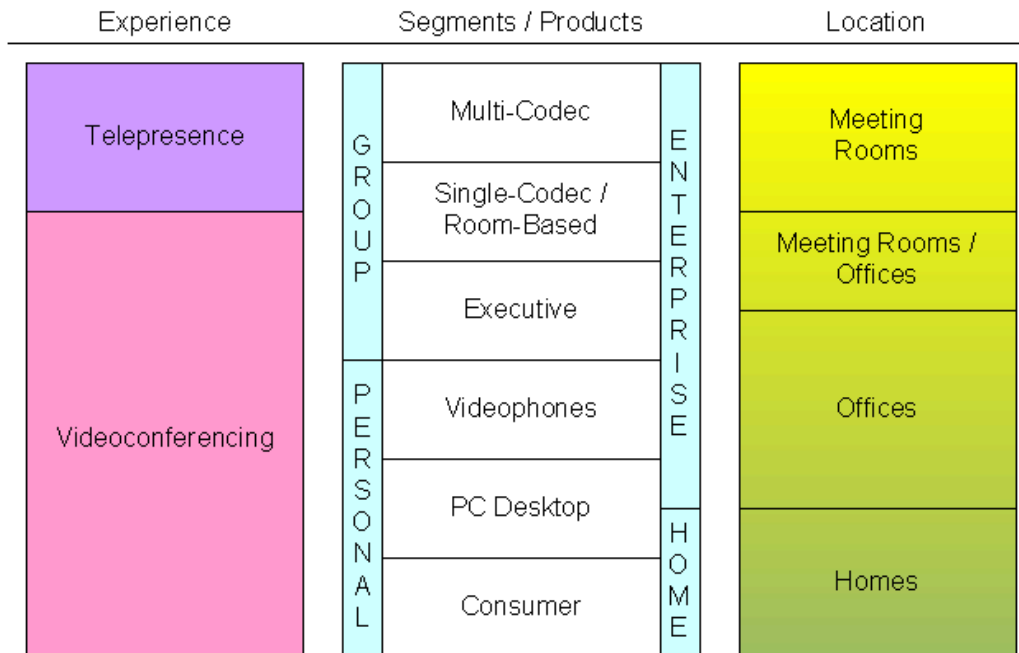
**Figure 1: Videoconferencing market segments**

**Group Videoconferencing Systems:** In our product scheme (see Figure 2), the high end of the room systems market is multi-codec systems – systems that include multiple cameras and multiple codecs, and typically, multiple displays. Many of the vendors refer to these systems as telepresence systems, although WR defines telepresence (below) in a more structured manner.

We have labeled a second endpoint product segment “single-codec.” These are room-based systems (a few do appear in offices however) that come in a wide variety of formats and price points. Most people recognize these as “traditional” videoconferencing systems, although some of these systems are capable of providing a telepresence experience when deployed for that purpose.

Executive systems are all-in-one designs that include an LCD display plus all the needed videoconferencing hardware (camera, codec, etc). We acknowledge that these devices are found perhaps as often in executive offices as they are in small conference rooms, but for historical, statistical, and forecast purposes, we include them in our group systems category. Executive systems can also double as computer displays.

Following the format under which we have been collecting data for many years, these three categories, multi-codec plus single-codec plus executive, together constitute the enterprise group videoconferencing market. For many years the Group segment has represented well over 90% of the total videoconferencing market; until 2008, the multi-codec segment was trivially small.



**Figure 2: Videoconferencing endpoint product segments**

**Personal Videoconferencing Systems:** Designed for personal use, this category includes 1) all-software videoconferencing solutions that run on laptop and desktop computers, typically with a webcam, as well as 2) dedicated appliances commonly called videophones. Videophones have a telephone form factor and typically sell for well under \$500, while executive systems (included in the group category) are much more expensive (over \$1,000) and typically look like a computer display with a camera on top. As products proliferate, there is the high probability of increasing overlap between executive systems and videophones. In addition, we expect “pads” to be used as collaboration and conferencing endpoints in the future; some of these pads are likely to be priced as executive systems but are clearly intended for personal use, further blurring our product distinction lines.

Consumer videoconferencing solutions are not covered within this report.

As our diagram is meant to convey, we have separated the product definitions from the concept of telepresence. We believe **telepresence** is an immersive experience based on videoconferencing technology that creates the illusion that the remote participants are in the same room with you. The three key elements that enable the telepresence experience are life-size images, the proper positioning and perspective or spatial relativity, and high quality audio and video. We believe that the telepresence experience can be delivered by a variety of hardware systems if deployed in the proper manner.

Our purpose here in making these distinctions between the telepresence experience and the videoconferencing system is to help penetrate the marketing fog created by vendors who promote their HD-capable videoconferencing systems as telepresence systems or who think that every videoconferencing system is a “telepresence system.”

## ***Methodology***

This report is based on primary research as well as secondary sources of information. Wainhouse Research has been tracking the videoconferencing vendor community for a decade, collects detailed quarterly statistics from the leading suppliers worldwide, and briefs regularly with many vendors, service providers, channel partners, and end user customers.

With publicly traded manufacturers, data was cross-checked against publicly available financial information. For non-publicly traded companies or for companies not providing data, cross-checking was performed by examining historically collected data, via interviews with various employees and channel partners, and by applying knowledge of the total market and trends.

**All revenue statistics discussed in this report are factory revenues.** We make no attempt to measure the size of the market in end-user dollars, but suspect that this figure would be at least 20-30% higher than the figures in our charts and tables. Our revenue forecasts reflect the cost of hardware and software, but do not include additional service and support revenues that might also be included in a sale.

All figures in this report are worldwide figures unless otherwise stated. Certain data, but not all, is available regionally. Revenues are generally denoted in millions of US dollars, except for obvious figures, such as average selling prices. We attempt to make our units of measurement clear in all figures and tables. Numbers contained in the tables may not add exactly due to rounding.

The term “enterprise” may have different meaning to different readers, but Wainhouse Research uses the term to include large and small businesses, government agencies, and educational institutions. Enterprise, in this way, is distinguished primarily from consumer market segments.