

In-Stat/MDR  
LAN Research Panel Findings  
Sam Lucero

## **“Videoconferencing: Customers Starting To Get The Picture”**

“Videoconferencing: Customers Starting To Get The Picture” is the seventh installment of the LAN Research Panel and provides primary, end-user data on how videoconferencing is being implemented and used in companies and organizations today. Panel members represent companies of all sizes and a range of industry verticals. Data for this report was collected in June of 2002, and includes information on: videoconferencing implementation plans, planned purchases by type of equipment, planned budget, primary user group, anticipated use, preferred equipment sources, important vendor/product attributes, brands being considered for purchase, concerns with videoconferencing, information on ISDN vs. IP for use with videoconferencing, plans for videoconferencing management, and videoconferencing’s use as a travel replacement.

Videoconferencing is a telecommunications service that enables video pictures to be transmitted in addition to standard voice communication. This allows for the full range of visual expression and audio-visual aids to be used in interpersonal communication. Technologically, videoconferencing is a telecommunications service that conforms to internationally recognized technical standards that cover the end-user equipment, the setting up and operation of videoconferencing calls, and provide for interoperability of the equipment.

There are three pieces to the videoconferencing market:

**Videoconferencing Equipment:** Videoconferencing equipment allows participants to both see and hear one another using a conferencing system that provides a picture, usually on a television or computer screen, and audio, using a telephone voice line connection.

**Videoconferencing Services:** Videoconferencing services provide the service of connecting pieces of videoconferencing equipment between selected locations that wish to participate in a videoconference session.

**Videoconferencing Control Systems and Software:** Videoconferencing control systems and software exist as part of the infrastructure that provides videoconferencing services. Videoconferencing control systems must identify the capabilities of each piece of videoconferencing equipment, and make sure that the parameters of the connection match the specification of the equipment.

Videoconferencing software provides a set of features that enhance the overall experience of videoconferencing participants by providing features, such as interactive white boards for sharing ideas, off-line chat services, the ability to import files from common productivity software such as Microsoft Office, and other useful features that make the

use of videoconferencing a powerful and rich way for people at remote locations to share ideas, and make better business decisions by sharing those ideas.

Key companies involved in the videoconferencing market include Polycom, TANDBERG, Sony, Forgent, VCON, Radvision and Intel. Last year, videoconferencing companies posted record profits, and In-Stat/MDR is forecasting a relatively aggressive growth in unit shipments and revenue over the next five years, with the inflection point for the uptake in videoconferencing occurring over the next 18 to 24 months.

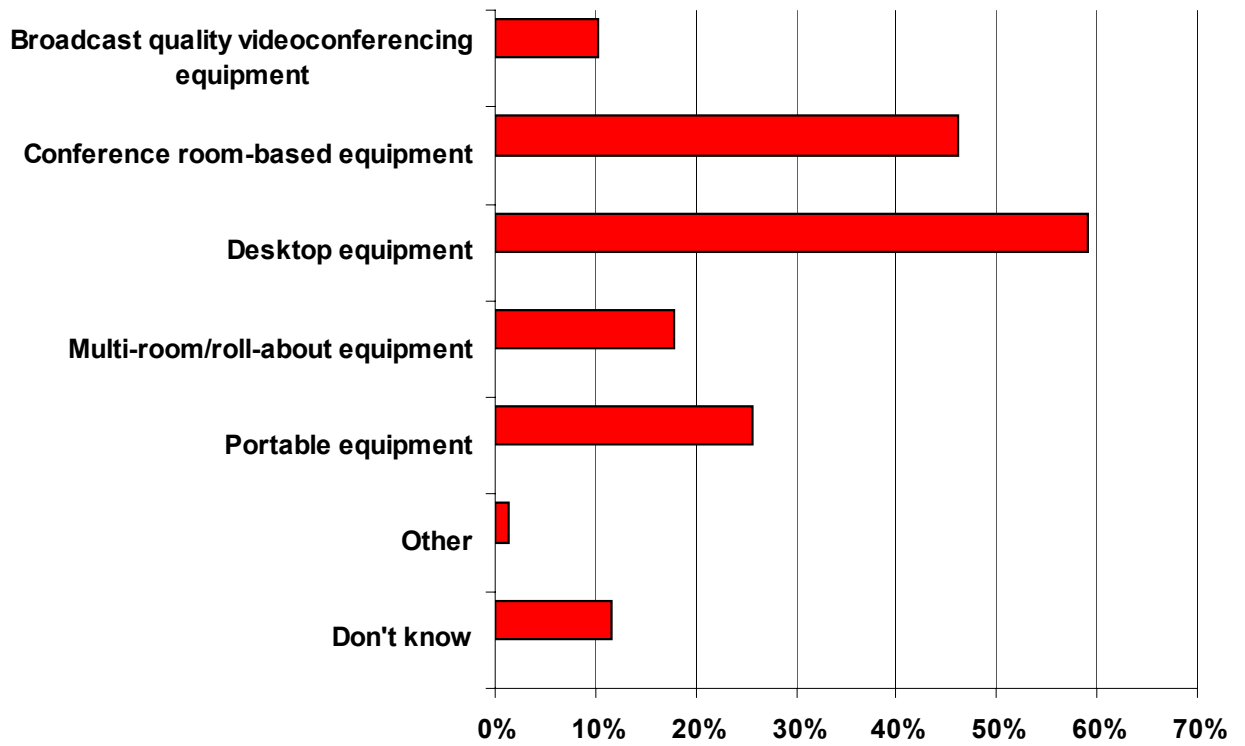
From the survey results, In-Stat/MDR believes vendors are having the most success selling into their existing customer base — typically Fortune 1,000 companies that use videoconferencing for scheduled meetings, training, and, increasingly, for customer and supplier meetings. Many of these companies are, in fact, pressing their suppliers to adopt videoconferencing technology in order to make the supply chain more efficient.

Among the group of panelists planning to implement videoconferencing, planned budgets typically ranged from \$5,000 to \$50,000. A smaller percentage of panelists responded in the \$500 to \$5,000 range and a much smaller percentage cited between \$50,000 and \$500,00. No panelist mentioned plans to spend more than \$500,000.

Typical equipment choices for panelist planning to implement videoconferencing were conference room-based equipment as well as desktop equipment.

The majority of panelists — 62.8% — stated they did not know what brand of videoconferencing equipment they would buy, which can be interpreted as a sign of weakness for Polycom, the proverbial 800-pound gorilla in the market. Indeed, Polycom declined in percentage of responses — from 48.0% to 15.4% — as measured from those panelists who already have videoconferencing systems to those planning to purchase videoconferencing systems. This implies an opportunity for other vendors in the market to gain market share.

Which of the following types of videoconferencing equipment will your company purchase? (multiples accepted; n = 78)



Source: In-Stat/MDR, 6/02