

Fitting In Conferencing Seeks Place In a Unified Communications World

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AMIDST MOVEMENTS by Cisco Systems Inc. and Microsoft Corp. to integrate conferencing as simply one more application within a unified communications framework, Web and audio conferencing service providers are taking stock of the opportunities and threats within a newly converged landscape of collaboration — and are repositioning to compete.

“You have two 800-pound gorillas in this market now,” explains Lou Guercia, CEO at conferencing provider WebDialogs, which offers resale and agent opportunities. “It will take a little while for conferencing service providers to figure out where to go from here. They need to think that they’re sleeping with the enemy if they partner with them, but can you afford not to partner?”

There’s a lot at stake. Wainhouse Research shows global conferencing services growing at a 5 percent CAGR to exceed \$4.5 billion in 2010. Double-digit growth of 11 percent is forecast for Web conferencing alone. And unified communications providers will be capturing most of that revenue. For agents and resellers, understanding where to capitalize with audio and Web conferencing means understanding this market shift.

“One of the major trends will be growth of new markets and services associated with the enterprise deployment of unified communications,” says Marc Beattie, senior analyst with Wainhouse. Indeed, Chadwick Martin Bailey shows four UC vendors in the top six preferred conferencing providers.

“The growing demand for UC solutions means that the future for conferencing and other voice applications is about integration with other end-user applications, i.e. instant messaging, presence, Web conferencing, video and softphones, to deliver that unified communications experience to individuals on the desktop or mobile devices,” explains Greg Brophy, director of conferencing solutions at UC vendor Avaya Inc.

TWO BEHEMOTHS EYEING THE MARKET

When it comes to UC, it’s safe to say that Cisco and Microsoft have been dominating the conversation lately. They have continued to duke it out for the hearts and minds of the business market with unified communications strategies announced last year, engaging in a sort of high-profile tit-for-tat one-upmanship while they’re at it. With collaboration at the heart of UC, conferencing has been a main battleground. Take audio: Speech-enablement of applications and IVR have been core competencies for Cisco for some time. But while Microsoft has been touting its Web conferencing expertise since 2003 when it acquired PlaceWare Inc., voice hasn’t been a main focus. And so, Microsoft decided to acquire Tellme Networks Inc., the speech-enabled software specialist, to provide a deeper expertise in hosted speech applications that will be integrated into Microsoft’s unified communications portfolio.

Conversely, Cisco has audio collaboration capabilities and jumped into the videoconferencing market late last year with the launch of its Telepresence product, which can be hooked into its networkbased unified communications offerings. But Cisco lacked a Web play — and thus will acquire Internet conferencing market leader (and main Microsoft/PlaceWare rival) WebEx for \$3.2 billion in July. The deal will give Cisco an on-demand Web conferencing expertise to complement its ongoing unified communications rollout, particularly in the SMB segment. With WebEx, Cisco aims to not only match Microsoft’s capabilities by capturing the market leader — WebEx has a 65 percent market share for Web meetings — but will give it a play in the services (as opposed to premisebased) game, a Microsoft stronghold. WebEx’s service portfolio includes Web conferencing and the ability to share Web-based documents, offered on a subscription basis. The services market is a new one for Cisco, but the vendor has said it will preserve the MRC business model going forward.

The result of all this activity? The two are pretty evenly matched when it comes to conferencing abilities and applicability to enterprises and SMBs alike, with Microsoft in the No. 1 spot for market share, and Cisco No. 2, according to Ovum Research.

“Both will have hybrid conferencing capabilities,” says Guercia. “Microsoft has excelled at software solutions and software as a service, but now they’re on the precipice of offering LiveMeeting as a premise-based solution that you can deploy on a server. Cisco is the foremost provider of unified communications on the Earth, but it’s been premise-based thus far. But now they’ve plunked down \$3 million for WebEx, a services company. It’s one thing to compete with WebEx, it’s another to compete with Cisco.”

FINDING THEIR WAY

All of this activity is forcing change among standalone conferencing providers and the agents who sell for them. While UC vendors talk of standalone conferencing going away, conferencing players say that finding success is simply about changing with the times and embracing the ideas behind UC. In other words, if you can't beat them, maybe you can join them.

"The key is to redefine over the next year or two what we consider a conference," says Guercia. "It will include voice, video and audio together, as opposed to treating those as separate calls. They will be packaged, priced, promoted and supported as if they are all part of a single service. Service providers still do about 95 percent of their revenue in audio, but a lot of these issues will cause them to rethink what they provide as a reservationless service."

To capture that zeitgeist, WebDialogs recently rebranded its family of online conferencing and collaboration tools to Unyte Conferencing, and is planning to further develop its suite of integrated voice, video and Web conferencing and event-management tools.

Conferencing Preferences			
	Audio	Video	Web
CPE	51%	64%	39%
Managed*	14%	18%	18%
Hosted	35%	18%	43%
<p>Source: Chadwick Martin Bailey, February 2007. Based on a survey of 120 IT decision makers from companies with 1,000 or more employees.</p> <p><i>*For the purposes of this survey, managed services means owning the conferencing equipment on premise and having a third party manage it.</i></p>			

It's not alone in the move. The Conference Group recently repackaged its functionality options as "ReadyShow-Multi-Media," a combined audio and Web conferencing service. The converged offering is available as a private-label service to CLECs and other resellers, and via agents to businesses.

"We have always incorporated the Web conferencing service into our reservationless audio bridge, but at an incremental cost," explains Greg Plum, The Conference Group's alternate channel manager. Now, the two are pre-integrated and being sold at a lower rate than previously available.

Others are taking the emphasis on convergence yet further. The latest Genesys Meeting Center, version 4.0, will feature desktop VoIP, new customization tools and deeper enterprise integration. "But we are taking a software-as-a-service approach now," says Tony Terranova, vice president of product marketing at Genesys

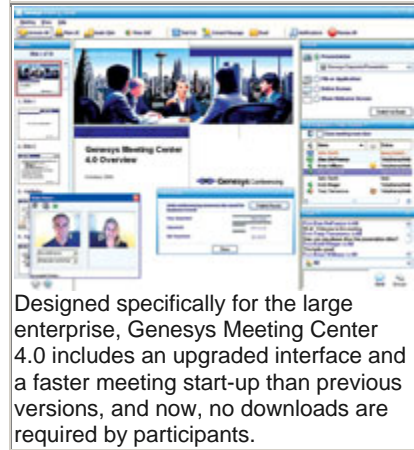
Conferencing, which does about 25 percent of its revenue via agents and resellers. "There's no hardware or software to buy or license, and there is no proprietary vendor lock to worry about. Cisco lacks experience in managing a SaaS platform, and many people feel they already give enough of their desktop over to Microsoft, so we feel well-positioned."

Terranova sees a certain rising tide aspect to the UC phenomenon. "This enhances the value of Web conferencing in general," he explains. "We're not going to be able to change the way people do business, so we fully integrate with Outlook and provide a plug-in at the toolbar level. We also work with a variety of instant messaging tools, calendars, and we'll be adding integration with Microsoft Office Communicator in Q2. We offer a fully supported, simple way to add conferencing into your life, and unified communications just embeds us further into the desktop value prop."

InterCall, maker of an audio/video/Web portfolio of services, also is looking to capitalize on the UC movement by embracing convergence and its seeming competitors. The company integrates with Microsoft and IBM, and in April launched a "click to conference" capability where users can escalate a chat session to an audio conference. It also works with Skype to integrate softclients, and RADVISION, so users can create an ad hoc video conference through Microsoft LiveMeeting.

"What service providers can do that will be different from vendors is the ability to provide software integration between the different tools that businesses want to use," says Warren Baxley, senior director of product management and development at InterCall. "The great secret is that businesses don't have homogenous, single-vendor environments. But they still want to make multiple channels feel like one experience, to send out a calendar request from Outlook with a hyperlink to someone else's application, for instance."

Baxley says InterCall now is focused on taking the collaboration experience and making it more streamlined. "We think about, how can we make this little piece over here easier to use?" he says. "It's incremental. But the main idea is that a person should be able to assemble a meeting with the channels they want to use, whether it's IM with Yahoo! and video with RADVISION, Web from WebEx and a premisebased client from Cisco as the portal. That's where the value is."



Designed specifically for the large enterprise, Genesys Meeting Center 4.0 includes an upgraded interface and a faster meeting start-up than previous versions, and now, no downloads are required by participants.

Agents and resellers still concerned about their standalone provider losing steam also might find flowering options in the carrier services market. Microsoft has announced a partnership with AT&T Inc. to create AT&T Live Meeting, a hosted Web conferencing service. And Nortel Networks, which is a top provider of audio conferencing for businesses, also is working with the Redmond giant to enable carriers to host and deliver UC services, including e-mail, instant messaging, VoIP, click-to-call, video conferencing and other multimedia services. Nortel Networks' Communication Server 2000 softswitch will be integrated with the Microsoft Solution for Hosted Messaging and Collaboration.

"I think we're going to see more deals like this going forward," says Guercia. "It's a question of reading the market and realizing that the 800-pound gorillas aren't going to go away."