

Technology

Videoconferencing

Virtual Meetings for Real-World Budgets

▶ A New Jersey startup offers an alternative to high-end systems

▶ “We want to connect millions of people,” says Vidyo’s founder

At most companies, videoconferencing has yet to evolve from a technological parlor trick into an everyday utility like e-mail. One reason is there’s no cheap and easy way to make it available on all the devices people use. Even companies that opt for top-of-the-line equipment from **Cisco Systems** or **Hewlett-Packard** often pay nearly \$1 million to upgrade the underlying corporate network, says IDC analyst Jonathan Edwards.

That’s why tech industry veterans are keeping a close eye on **Vidyo**, whose technology will soon be sold by HP. The 120-person startup, based in Hackensack, N.J., makes software it says can run on almost any device that connects to the Net—and adjusts whether that’s a high-speed link in the boardroom or a cell connection from the 18th hole. While most companies buy a few high-end videoconferencing systems for executives, “We want to connect millions of people,” says Vidyo Chief Executive Ofer Shapiro.

The aim is to bridge the gap between traditional systems costing up to \$300,000 for a just-like-being-there telepresence room and cheap but low-quality PC-based services such as **Skype**—and in a way that lets people using all of these options participate in calls together.

Shapiro worked as a technologist for the Israeli Army before joining Tel Aviv-based videoconferencing supplier **Radvision** in the late 1990s. In 2005 he founded Vidyo—and opted not to pour money into another hardware product. Instead his team focused on implementing a little-used software approach called scalable video coding. The technology strips out data so that devices

with weaker signals can maintain a good picture without expensive back-office gear. The program, which runs on a PC, costs \$6,000, says Shapiro. Another plus: Vidyo’s software can be tweaked to run on new devices. Shapiro says it took his engineers two weeks to have a test version that could work on **Apple**’s iPad. “It lets you make calls on crappy connections, and it’s an order of magnitude or two cheaper than dedicated video calling gear,” says Andrew W. Davis, an analyst with industry research firm Wainhouse Research.

That’s where HP comes in. In June it an-

nounced a deal under which it will bundle Vidyo software on business PCs so workers can make video calls from their desks. HP will also adapt its own high-end telepresence system, dubbed Halo, to work with Vidyo’s technology so corporate buyers can use them without million-dollar network upgrades. While HP has existing contracts to sell gear from **Polycom** and others, it will be marketing Vidyo’s technology under its own brand. Wainhouse’s Davis also expects HP to put Vidyo’s software on mobile devices, such as phones and tablets being developed by re-



Shapiro aims to bridge the gap between pricey and basic videoconferencing

cently acquired **Palm**. “It’s a key component in our strategy to make HP the videoconferencing provider of choice for enterprise customers everywhere,” says Rob Scott, general manager of HP’s Halo unit.

Without HP’s support, Vidyo is just another promising startup. As the world’s biggest PC maker and a prime supplier of corporate tech, HP could bring Vidyo and videoconferencing to the corporate mainstream. Analysts expect HP to use Vidyo to distinguish HP’s computers and mobile devices from products made by rivals such as **Dell** and **Apple**. It could also help HP build up its \$35 billion-a-

year a consulting business by advising companies on how to use videoconferencing to lift productivity.

If Vidyo’s model works, users of all types of videoconferencing systems will be able to talk together

It’s unclear, however, whether HP will aggressively pursue this video calling market. Although it introduced its Halo system a year before Cisco unveiled its own telepresence

product, HP has just 3 percent of the videoconferencing market, compared with 45 percent for Cisco, estimates Davis. “Vidyo could be an important weapon for HP, but it all depends on what they do with it,” says Chuck House, a retired HP executive who now advises Vidyo’s board. He points out that Cisco CEO John T. Chambers promotes videoconferencing every chance he gets, “but you never hear HP say anything about it. It’s an afterthought.” —*Peter Burrows*

The bottom line Vidyo’s software may help make telepresence-quality videoconferencing systems part of the corporate mainstream.

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