

Editor's Note: The following article is an excerpt from The Wainhouse Research Bulletin Vol. 9 #4. To gain access to the complete archived issue or to subscribe for free to receive future issues, visit www.wainhouse.com/bulletin. Andrew W. Davis, andrewwd@wainhouse.com

Vidyo Emerges from Stealth Mode

Vidyo, nee Layered Media, emerged from stealth mode with a variety of announcements. Perhaps the most dramatic news is that the company has licensed its VidyoTechnology based on scalable video coding (SVC) to none other than Cisco Systems. Cisco intends to integrate the technology into Cisco Unified Communications solutions to enhance Cisco's ability to provide users with high quality desktop video across a broad range of network environments.

SVC was ratified by the ITU-T Video Coding Experts Group (VCEG) and International Standards Organization (ISO) MPEG just two months ago. Formally known as H.264 annex G, SVC enables a video stream to be broken into multiple resolutions, quality levels and bit rates. The different bit-stream components make it possible for applications to dynamically adapt to varying network conditions such as packet loss, fluctuating network bandwidth, and network delay. The bottom line is a better video experience in both point-to-point and multipoint calls.

Vidyo also introduced a suite of products. The VidyoRouter provides multipoint functions such as composite layout, rate matching and error localization. It achieves this without decoding or encoding the video, making it much more scalable, economic and, lower delay than traditional MCUs. Since the VidyoRouter sends only as many packets as an endpoint is capable of handling, network utilization efficiency is significantly improved. Because the amount of processing power and bandwidth available at each endpoint is dynamic, the VidyoRouter constantly tests and recalibrates what it ought to be passing along as conditions change during the session. List price is \$1000 per port per year (a different business model). Router ports are NOT needed for point-to-point calls. A single server hardware platform can handle 100 ports. VidyoGateway provides connectivity to legacy SIP and H.323 systems.

VidyoRoom is a stand-alone system (\$6K to \$13K in single and dual monitor configs) supporting 720p at up to 60 frames/sec. VidyoDesktop is an HD software client available for Mac or PC. Users are assigned a personal space that can be password protected, thus making it possible for meetings to be held anytime – whether impromptu or by prior arrangement.

VidyoPortal is a web-based environment from which VidyoConferencing is managed. For end-users, all functions required to initiate or join a video conference are supported including adding participants to a conference; defining calling features such as speed-dial; searching or browsing for other users; and setting personal account preferences. For administrators, the VidyoPortal serves as a central management environment. Portal seats are priced at \$30 per seat per year. You can think of these as concurrent user licenses.

Finally, the company announced that it has signed up over ten resellers. While the resellers are strangely not named specifically in the press release, the document does include quotes from OmniPresence, Collabcom AG, Comiris Group, Comm3, HS Digital, Videre Conferencing, Vidofon AG, and Visionality. Judge for yourself.

Here's What I Think. SVC is impressive, important, and potentially game-changing. The technology put together by Vidyo has the potential to alter the way we think about videoconferencing by making that application far more pleasing and practical for a large audience. Because SVC is a standard, I would think that Vidyo's potential for licensing deals like the above-mentioned Cisco agreement would be extensive. But now that the company has announced a product suite, Vidyo may be competing directly against the companies it is trying to sign up for license agreements. On the other hand, Vidyo faces huge potential with companies like Skype, Yahoo, Google, etc, where video is an add-on to other applications.

Although Vidyo has announced products and resellers, our experience in a recent demo based on the company's beta test software suggests that while the underlying technology is fascinating and can deliver real benefits, the current beta version software at least is raw and unfinished around the edges. Presumably, the 1.0 Suite will be more polished. Functionality is limited to videoconferencing, no collaboration; the user interface is very limited, and some work remains in the portal area. However, the basic business model is very intriguing and likely to attract attention from the end user community. You don't buy the Vidyo software license with a big upfront investment, you pay a low yearly figure. I think corporate America (and Europe) is going to like that model. Vidyo will be demonstrating its stuff at our [Berlin Collaboration Summit](#) in April. Come check it out.

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