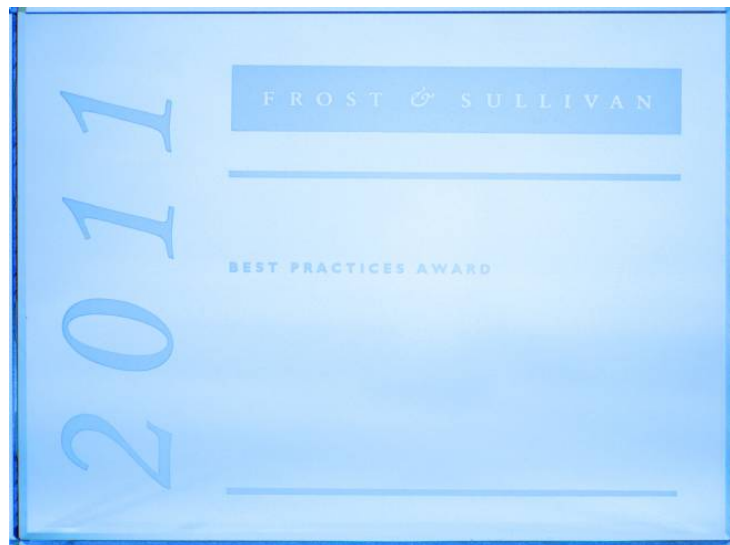


Product Differentiation Excellence Award Videoconferencing Infrastructure Systems Global 2011

Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360 Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2011 Global Product Differentiation Excellence Award in Videoconferencing Infrastructure Systems to Vidyo.



Significance of the Product Differentiation Excellence Award

Key Industry Challenges Addressed by Product Differentiation Excellence

Cost savings, a better communications experience, and improved carbon footprint has resulted in continued uptake for videoconferencing, feeding into the growth of videoconferencing infrastructure products. Videoconferencing infrastructure systems facilitate videoconferencing between multiple endpoints and multiple networks including products such as bridges, management and scheduling tools, gateways, gatekeepers, and Network Address Translation (NAT) / Firewall traversal solutions.

The industry is witnessing increased spending from enterprises on conferencing, with videoconferencing featuring prominently on many IT budgets. However, high costs and

quality concerns in deploying end-to-end videoconferencing solutions have restrained widespread adoption.

The current generation of videoconferencing bridges or MCUs available in the market is largely based on an expensive and hardware intensive architecture that uses DSP boards to support the large amount of encode/decode capability required for HD videoconferencing. With an unprecedented number of workers being remote, the need for desktop video has increased exponentially. The challenge for the videoconferencing industry has always been to provide acceptable quality video on any given network to a large number of participants.

Vidyo has developed a new architecture based on its patented Adaptive Video Layering technology which leverages H.264 Scalable Video Coding (SVC) and replaces the video processing intensive MCU of traditional conferencing systems with an intelligent packet routing application called the VidyoRouter. By eliminating the processing from the core of the network, latency is significantly reduced, delivering better end user experiences. The VidyoRouter architecture continuously monitors and adapts video streams for each individual endpoint dynamically throughout a call as conditions change either at the device or on the network. With Vidyo's Adaptive Video Layering technology large and medium enterprise customers and service providers have been able to address these challenges with a solution to the quality, price and scalability issues that have plagued the industry for many years.

Vidyo has been active in various standards bodies and has driven H.264 SVC and SIP interoperability since 2005. The company leads the interop efforts in the ITU-T, IETF and UCI Forum. The Company's architecture was also adopted by major industry players, most notably Google, which adds to the company's leadership.

Impact of Product Differentiation Excellence Award on Key Stakeholders

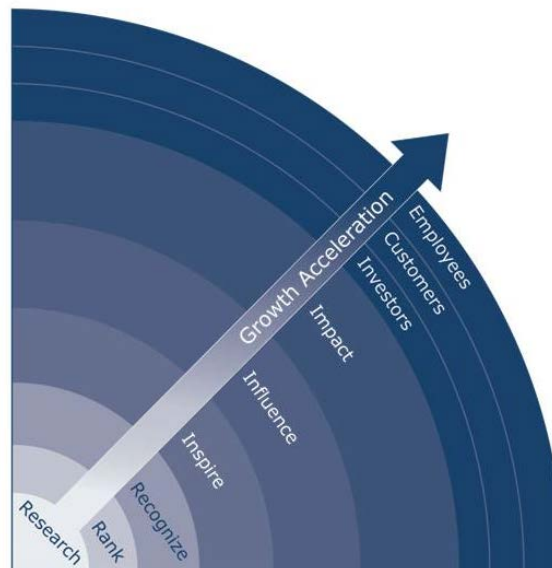
The Product Differentiation Excellence Award is a prestigious recognition of Vidyo's accomplishments in the videoconferencing market. An unbiased, third-party recognition can provide a profound impact in enhancing the brand value and accelerating Vidyo's growth. As captured in Chart 1 below, by researching, ranking, and recognizing those who deliver excellence and best practices in their respective endeavors, Frost & Sullivan hopes to inspire, influence, and impact three specific constituencies:

- **Investors**

Investors and shareholders always welcome unbiased and impartial third-party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy of investment.

- Customers**
 Third-party industry recognition has been proven to be the most effective way to assure customers that they are partnering with an organization that is leading in its field.
- Employees**
 This Award represents the creativity and dedication of Vidyo's executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of product excellence for Vidyo.

Chart 1: Best Practices Leverage for Growth Acceleration



Key Benchmarking Criteria for Product Differentiation Excellence Award

For the Product Differentiation Excellence Award, the following criteria were used to benchmark Vidyo's performance against key competitors:

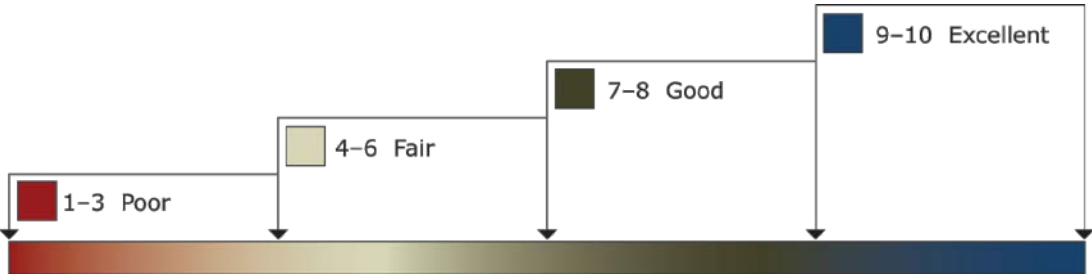
- Unique Features/Functionality
- Quality/Complexity
- Matched to Target Markets Needs
- Brand Perception of the Uniqueness of the Product

Decision Support Matrix and Measurement Criteria

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies' performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each

Award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and Award category. The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are shown in Chart 2.

Chart 2: Performance-Based Ratings for Decision Support Matrix



This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

Chart 3: Frost & Sullivan’s 10-Step Process for Identifying Award Recipients



Best Practice Award Analysis for Vidyo

The Decision Support Matrix, shown in Chart 4, illustrates the relative importance of each criterion for the Product Differentiation Excellence Award and the ratings for each company under evaluation. To remain unbiased while also protecting the interests of the other organizations reviewed, we have chosen to refer to the other key players as Vendor 1 and Vendor 2.

Chart 4: Decision Support Matrix for Product Differentiation Excellence Award

<i>Measurement of 1–10 (1 = lowest; 10 = highest)</i>					
	Unique Features/Functionality	Quality/Complexity	Matched to Target Markets Needs	Unique Name/Brand Recognition	Weighted Rating
Relative Weight (%)	20%	20%	20%	20%	100%
Vidyo	9	9	9.5	8	8.9
Vendor 2	8	8.5	8.5	9	8.5
Vendor 3	8	8.5	8	9	8.4

Criterion 1: Unique Features/Functionality

In a marketplace defined by technological advancements, Vidyo has been at the forefront of innovation launching products that have positioned the company for growth. The new VidyoRouter architecture leverages the company’s Adaptive Video Layering technology which uses H.264 Scalable Video Coding (SVC) and replaces the video processing intensive MCU of traditional conferencing systems with an intelligent packet routing application called the VidyoRouter. By eliminating the processing from the core of the network, latency is significantly reduced, delivering better end user experiences. The VidyoRouter architecture monitors and adapts video streams for each individual endpoint dynamically throughout a call as conditions change, either at the device or on the network. The individual optimization enables Vidyo to connect devices ranging in capability from smartphones and tablets, to laptops and desktops, all the way to room systems and immersive telepresence, in the same call with each endpoint performing up to its capability, independent of all other endpoints in the conference.

Vidyo, known for its propagation of SVC-based videoconferencing offers VidyoRouter, which eliminates the need for an MCU that is typically the bottleneck to traditional videoconferencing deployments involving a large number of users. Additionally, Vidyo announced in early 2010 the VidyoRouter Cloud Edition, which enables participants in each geography to use the VidyoRouter closest to them eliminating latency and degradation of video quality at a fraction of the cost of hardware-based MCU deployments.

SVC is increasingly being accepted in the market as a key standard to enable videoconferencing that can dynamically adapt to varying network conditions such as packet loss, fluctuating network bandwidth, and network delay. Vidyo was the first major vendor to leverage SVC through its patented IP and has been successful in creating awareness for SVC and its benefits. The recent announcement of the VidyoPanorama solution which offers immersive interactions with 1080p 60fps quality from 3 to 20 screens, using converged IP networks, with game changing economics at a fraction of the cost of other immersive telepresence solutions, is another proof point of Vidyo's capability to constantly innovate and open up the market for new applications and use case scenarios. The VidyoPanorama solution represents an immersive solution in the market that is built for multipoint conferences with disparate endpoint types. VidyoPanorama maintains fully immersive experiences in multipoint conferences with mobile, desktop, room system and other telepresence endpoints, at a disruptive price point that makes the telepresence experience affordable for mid-market enterprises.

Vidyo has also been leading the market for extending the videoconferencing experience to mobile devices. It offers VidyoMobile enabling enterprise mobile users on iOS or Android-based smartphones or tablets to join multiparty videoconferences with desktops and HD room and telepresence system participants over WiFi, 3G and 4G wireless connections.

A further advantage Vidyo has is that its flexible platform integrates with customers' existing communication and productivity tools via a full suite of APIs or Vidyo developed plugins for UC and web conferencing environments. Vidyo's one-click integration with MS Lync and IBM Sametime makes it easy for users to escalate from other modalities of communication, such as chat or VoIP calls, to HD videoconferences from within their UC environment. Similarly, Vidyo has integrated conference moderation and control functions as a pod inside Adobe Connect to deliver best-of-breed videoconferencing alongside web conferencing capability. The ability for customers to embed Vidyo into their own web portals and service environments via Vidyo's APIs was a key factor in Ontario Telemedicine Network's recent decision to move forward with Vidyo as their going forward telemedicine platform and has enabled innovative new solutions and service offerings from a variety of OEM partners including Google's recent Google+ Hangouts and Ricoh's P3000 portable room systems.

Criterion 2: Quality/Complexity

The fact that Vidyo can support high quality videoconferencing over general purpose IP networks has opened up new avenues for adoption of videoconferencing by mainstream users. By being a dynamic device, the VidyoRouter intelligently identifies and adjusts to bandwidth and network conditions sending only as many packets a particular endpoint can handle, and ensuring that the network resources are not overburdened. Unlike H.264/AVC which is highly sensitive to network errors H.264 SVC was designed from the ground up to perform in lossy real-world network environments. According to Vidyo, its Adaptive Video Layering technology supports up to 20% packet loss and still maintains a good call experience. Additionally, by decentralizing the management of the conference over a WAN, the quality of video is enhanced since the endpoint collaborates with the closest router, minimizing latency and frequently keeping the traffic on the lower cost and more reliable corporate LAN. All these factors combine to produce high quality video over converged IP networks.

Criterion 3: Matched to Target Markets Needs

Two significant trends have Vidyo's solution well positioned to meet the current and future needs of enterprises. Video is becoming more pervasive and a mainstream form of communication thanks to the success of consumer products that support the technology and the demand to tighten corporate travel budgets both for expense control as well as green initiatives. Additionally, the consumerization of IT has users demanding that their productivity and communication tools be available on their personal devices and leveraging existing hardware platforms such as tablets and standard server technologies. As a result, the desktop video market has huge potential for growth, as seen in recent publications from Frost & Sullivan research, and that can easily be dwarfed by growth in the mobile space. Vidyo's Adaptive Video Layering technology offers a new and more scalable approach to videoconferencing eliminating delay, freezing and audio video loss that plagues traditional videoconferencing, without requiring expensive network upgrades and complex bandwidth management solutions, while providing an HD experience for mobile, desktop, room system and immersive telepresence users. With optimal utilization of VidyoLines, that are perennially available to VidyoDesktop and VidyoMobile users for HD video applications, and the ability to grow the multipoint fabric by adding networked, low cost, VidyoRouters, the ROI on the deployment for video is maximized. The VidyoRouter is an apt fit for global enterprises, since it saves on hardware MCU costs that are normally incurred over geographically dispersed deployments and has a significantly slimmer footprint and power consumption profile in the data center, adding to the operating savings afforded by the lower cost commodity networks. These factors combined make Vidyo an affordable scalable solution for virtually any sized enterprise.

Another important dimension of Vidyo's product offering is the unique level of customization discussed above that makes it possible for unique solutions to be designed around the company's technology, both as horizontal communication solutions as well as vertical application and unique hardware form factors.

Criterion 4: Brand Perception of the Product

In a market that is highly competitive and dominated by the videoconferencing giants Cisco and Polycom, Vidyo in a matter of a few years has established itself as a key vendor. In addition to this award, Vidyo has also won awards this year as Best of Interop for Collaboration, the Wall Street Journal Innovation Award for Networking, Internet and Broadband, where Vidyo is seeing success based on new and innovative products that address end user pain points. Currently, the VidyoRouter, along with the Cloud Edition, VidyoPanorama and VidyoMobile enjoy a first mover advantage in terms of a high quality solution at a reasonable price point – clearly jettisoning Vidyo to a prominent position in the fast growing videoconferencing market.

Conclusion

In terms of innovation, technical excellence, scalability and adaptability to varied videoconferencing environments, the VidyoConferencing suite of solutions is impressive and market disruptive. Vidyo is a deserving recipient of the 2011 Frost & Sullivan Product Differentiation Excellence award in the videoconferencing market.

The CEO 360-Degree Perspective™ - Visionary Platform for Growth Strategies

The CEO 360-Degree Perspective™ model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The CEO 360-Degree Perspective™ is also a “must-have” requirement for the identification and analysis of best-practice performance by industry leaders.

The CEO 360-Degree Perspective™ model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies' growth strategies. As illustrated in Chart 5 below, the following six-step process outlines how our researchers and consultants embed the CEO 360-Degree Perspective™ into their analyses and recommendations.

Chart 5: CEO's 360-Degree Perspective™ Model



Critical Importance of TEAM Research

Frost & Sullivan's TEAM Research methodology represents the analytical rigor of our research process. It offers a 360 degree view of industry challenges, trends, and issues by integrating all seven of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Chart 6: Benchmarking Performance with TEAM Research



About Vidyo

Headquartered in Hackensack, NJ, Vidyo specializes in providing videoconferencing technology that facilitates the delivery of ubiquitous, high-quality, High Definition (HD) videoconferencing, even when using a public IP network.

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best-practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.