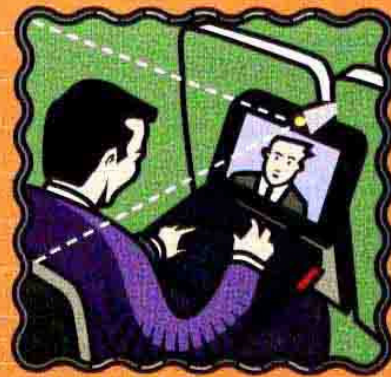
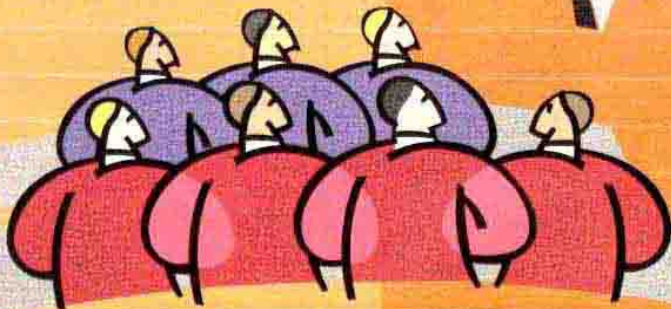


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Beyond the Boardroom

Thanks to widespread government patronage as well as a massive retail boom, videoconferencing is no more the prerogative of corporates



There was a gradual shift from audio meetings to web conferencing and desktop video

Videoconferences moved beyond corporates; the perceptible retail boom owed much to the efforts of the Reliance WebWorlds.

The government administrative sector, judiciary, distance learning, and telemedicine drove adoption across the country

Polycom still ruled though other players such as Tandberg, Aethra, and Actis started making their mark

Videoconferencing as a technology has now started moving out of conference rooms, where it used to sit traditionally. The industry is now taking its first steps from group systems to desktop videoconferencing systems. Apart from large enterprises, small and medium enterprises are adopting videoconferencing solutions.

In FY 2005-06 the videoconferencing market size was at Rs 65.6 crore against Rs 28.8 crore in 2004-05 and is likely to grow at a CAGR of 24.9% till 2011. There is a growth explosion expected (30% for the next two years) in the medium-term, beyond which growth rates will stabilize at 22%.

Vendor Stories

Polycom has a 59.5% market share in videoconferencing endpoint segment at Rs 39 crore followed by Tandberg with revenue of Rs 10 crore. Aethra distributed by Siemens stood at 4.6 crore. Actis, a new entrant in the videoconferencing space made around 4 crore from their sales.

Other players such as Sony, VCON, D-Link, and Samsung make 12.2% of market share. The widespread popularity of distance learning and growing economy coupled with a stronger thrust on e-governance has made India a promising market for videoconferencing equipment. Siemens distributed Aethra and Polycom conferencing solutions; and its major deployment for RBI this year at around 46 locations.

Polycom has grown four times in the past three years. In terms of sales, Polycom registered much better growth than the industry. Apollo Hospitals, MKCL, Mumbai Jails, Tele-Vital, and Andhra Jail are some of their customers in India. Andhra Jails have adopted videocon-

ferencing for the trials are conducted on a regular basis ensuring safety of the inmate as well as of the general public and also saving on transportation costs.

Targeting the corporate and government sectors, Polycom has aligned their channel and distribution strategy to reach out to the SMB and SOHO segments and chalked out a two-pronged retail strategy to make inroads into this segment.

Actis managed to garner a share of 6.1% at Rs 4 crore and plan to increase it to 15% in the coming year. For Actis, the year 2005 was significant as they were able to venture into the use of videoconferencing such as telemedicine and distance learning.

Few of the major clients for Actis last year were SBI, General Atlantic Partner, Lehman Brothers, Mahindra & Mahindra, Welingkar Institute of Management, and Cushman and Wakefield.

How they Stacked up

Vendors	2004-05 Revenue (Rs crore)	2005-06 Revenue (Rs crore)
Polycom	18.6	39.0
Tandberg	5.9	10.0
Aethra	1.2	4.6
Actis	NA	4.0
VCON	0.6	2.0
Others	2.5	6.0
Total	28.8	65.6

Source: DQ estimates

CyberMedia Research

Polycom remained the numero uno, and Tandberg maintained its number two slot. Actis, the new kid on the block is the one to watch out for

Videoconference Lexicon

VC Systems Features	Desktop	Mini Group	Board Room
Network Interfaces	LAN/ISDN	ISDN/V.35	ISDN/V.35/X.21
CODEC	Software	Hardware	Proprietary Bus
Input Video Camera	Fixed	PTZ/Slide	PTZ/Slide/Document
Output Devices	VGA Monitor	Single 29" TV	Dual Monitor
Control Interface	Windows 95	System Based	System Based
Control Tool	Mouse	Remote Mouse	Touch Panel
Microphone	Headset	External	Omni directional
Speakers	Headset	TV Speakers	TV Speakers
Sharing of Data	Integrated	Separate External PC required	Application
No of Participants	1	3-6	> 10

Be it the desktop mini group or the board room variety, all require coordinated functioning of a host of components

Actis has set up offices in New Delhi and Pune and has increased their channel network across India, having a channel base of more than 500 members.

The Usage Pattern

Enterprises today, are looking forward to leading edge technology, flexible conferences, flexible deployment, common management suites, highly scalable solutions, secure VoIP conferencing, embedded multipoint options, and more in videoconferencing solutions.

Videoconferencing therefore, spells power of integration, bringing within reach some inherent advantages. The system can be used for scheduled or adhoc meetings and plays a crucial role in enhancing productivity. This in the long run, is extremely important for swift analysis and decision making, bringing products to the market, and gaining an edge over competitors.

The advent of broadband and the growth of the BPO industry have driven the deployment of Web conferencing in the country.

In 2005, there's been a significant increase in the adoption of Web conferencing in the enterprise market. Emerging businesses will increase the adoption of this service as prices of hardware and bandwidth fall, and awareness about the technology spreads in the market.

Even small cities such as Amritsar, Hoshiarpur, Bhatinda, Barnala, and Malerkotla could not resist the lure of IT.

Videoconferencing (Web) in these cities clearly shows that this service is not restricted to big cities and corporate clients only. Though this service is in its infancy in smaller cities, with time it will gain popularity. Presently, Reliance Infocomm is the only player in Punjab, offering videoconferencing facilities through its Web Worlds. Seeing the potential, even Connect from HFCL is planning to venture into the service.

Also, for legal and judicial purposes, where recently, Reliance WebWorld, hosted a videoconferencing—where a subject expert in UK was consulted by a judge and a panel of advocates sitting here in Chandigarh. Such instances are gaining popularity.

There is an increased use of videoconferencing system for recruitment of candidates, interaction with relatives settled abroad, reviews and meetings, product launches, press conferences etc. Apart from this, videoconferencing is also used for matrimonial purposes. A number of universities abroad, interview candidates over videoconferencing before giving them admissions.

Some of the other applications that are likely to grow in importance over the next couple of years are in healthcare, education, and government segments, as prices for hardware and bandwidth reduces and awareness about the technology spreads in the market. At present, most of the enterprises connect via ISDN. However, Internet based connections are increasing in popularity and many conference facilities today, is over IP network.



The industry is moving towards multipoint videoconferencing and desktop conferencing. There has been a conscious move from ISDN towards IP based video

Factors such as cost of ownership, maintenance of infrastructure, and general perception that people had about conferencing as a luxury is slowly dying. Also with the wide scale adoption of ICT technologies, videoconferencing is headed for a bright future.

There has been a continuous high adoption of videoconferencing by the government (including defense). Successful attempts of telemedicine by leading hospitals have resulted into heavy demand from the health-care sector. In addition, there has been drastic price reduction due to high competition that has also resulted in the increase in market penetration.

On the technology front, the industry is moving towards multipoint videoconferencing and desktop conferencing. There has been a conscious move from ISDN towards IP based videoconferencing. Data transfer on video, on-line group communication, and interviews on video are the latest examples of the same. However, the availability of broadband at competitive prices is a potential key enabler for a further wider market adoption.

SP Partnership

Partnering with SPs is working out to be a rewarding

model for the VC players. Few leading players in the space are planning to tie up with retail chains so that walk-in customers can buy their products. Today, a number of telcos are setting up retail stores and will pave the road ahead for most vendors. This will help them achieve both retail walk-in for applications and retail walk-in for purchase.

For example, Polycom has tied up with Reliance, which has a network of 260 'Reliance WebWorlds' where customers can go and do video meetings and video chatting—all these WebWorlds use Polycom solutions. One can pay something like Rs 350 for 20 minutes of video call, which comes out to be cheaper than an ISD calls.

Tandberg currently in discussions is expected to make announcement in India—on a global level SPs are a very critical component for their go to market strategy.

The recent advancements in video and collaboration tools is ushering in a new era of video telephony facilitating easy access and usage of videoconferencing. The migration to converged IP networks and the spread of IP telephony has also provided a receptive platform infrastructure that can enable video to become an integrated element within the telephony environment.

With broadband technologies making the Internet a viable option, Web conferencing is further gaining ground among corporates. Companies are using the technology for the launch of their products and carrying out campaigns.

Looking forward, drastic reduction in the average price of videoconferencing equipment, overall improvement in network infrastructures and bandwidth capabilities, migration of videoconferencing from ISDN towards IP based videoconferencing are the few factors that will make sure that the videoconferencing industry will see an exponential growth in the coming year.

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