



IDC MarketScape

IDC MarketScape: Worldwide Enterprise Videoconferencing Equipment 2014 Vendor Assessment

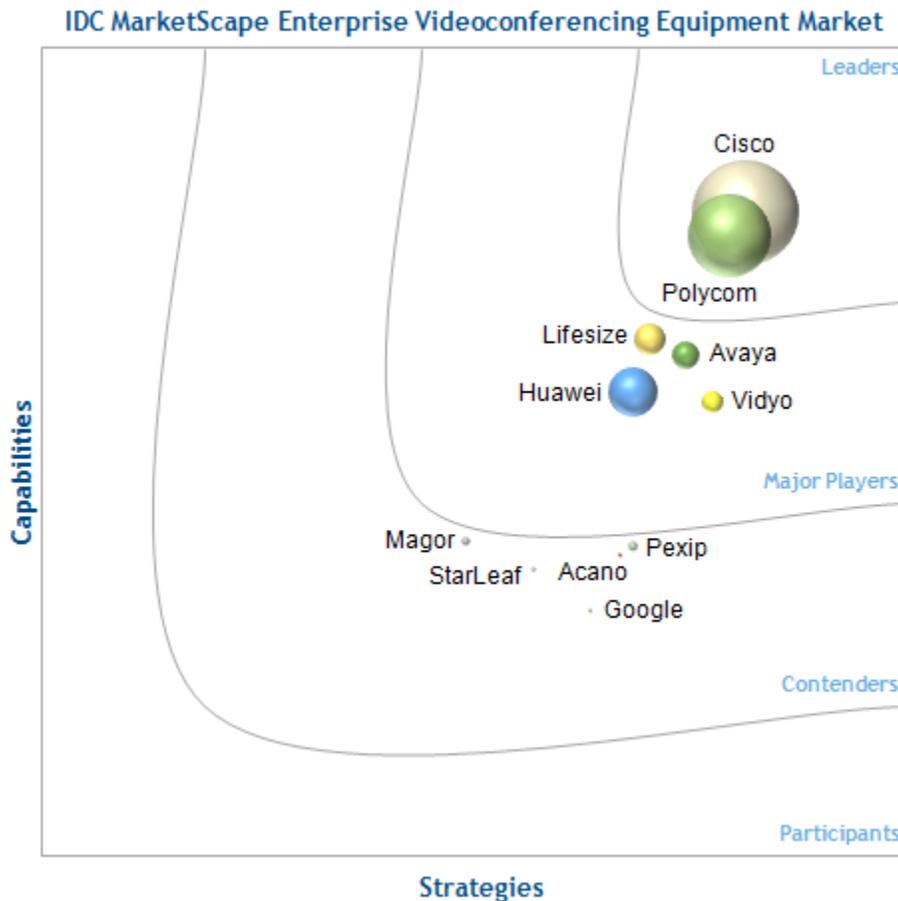
Rich Costello

THIS IDC MARKETSCAPE EXCERPT FEATURES: CISCO

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Enterprise Videoconferencing Equipment Vendor Assessment



Source: IDC, 2014

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Enterprise Videoconferencing Equipment 2014 Vendor Assessment (Doc # 249953). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

The worldwide enterprise videoconferencing equipment market has been experiencing some downs lately – with consecutive quarters and two years of declining revenue growth in 2013 (-13.1%) and 2012 (-5.0%). This is mostly attributed to the impact of delayed customer buying decisions, lower-cost systems, more software-centric solutions, and the rise of cloud-based video services offerings for business. On the bright side, most or all of the videoconferencing equipment vendors are now offering cloud-based video alternatives for customers – in addition to their own lower-cost, premises-based systems. Also, positive trends we see include the increasing uptake of video collaboration by small workgroup, desktop, and mobile users; new video deployment options expanding the market to midsize and small companies; more business-to-business (B2B) and business-to-consumer (B2C) video use; and interest in browser-based video collaboration. This IDC MarketScape examines the key players in the worldwide enterprise video equipment market, analyzing their current capabilities as well as longer-term strategies that impact their ability to service customers and gain market share going forward. Key criteria, among others, that contribute to a successful enterprise video offering include:

- The ability to move beyond standalone videoconferencing, call control, and point solutions and offer a holistic video/UC&C solution that can integrate with business processes in order to be transformative for the business.
- Vendors that can clearly demonstrate a robust product portfolio, including the ability to support a range of video endpoints in collaborative applications, especially in growing areas of desktop, browser, and mobile video use today.
- Vendors that can provide flexible delivery options for partners and customers as part of their video portfolio (premises, managed, hosted, cloud).
- Strategies that vendors have in place to stay competitive from a cost standpoint (e.g., industry standard hardware, software, licensing, offshore R&D, and manufacturing).
- Business partnerships and sales channels that open up new markets for the vendor's offering, yet still maintain a high level of support and customer care.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This study includes an analysis of 11 worldwide enterprise videoconferencing equipment vendors. To qualify for inclusion in this IDC MarketScape study, vendors must offer a portfolio of enterprise-class videoconferencing products, solutions, and services either directly and/or through channel partners.

Basic capabilities of the vendor offerings should include support for high-definition (HD) video and audio technology, availability of data collaboration tools and applications for use within a video session, and the ability to integrate with UC portfolios and business applications, among other criteria. The vendors should also be able to demonstrate their support for existing communications and collaboration standards and those emerging, such as H.323, H.264, H.265, VP8, VP9, SIP, H.239, and WebRTC. Systems should be able to interoperate with standardized third-party video systems, and vendors should be able to provide services and support for their solutions either directly or through channels. Note that high-end immersive telepresence offerings are not a focus of this particular IDC MarketScape.

The vendors should also be able to describe their current and long-term go-to-market strategies across the major worldwide geographic regions, and beyond if applicable, as well as their overall capability to conduct businesses globally, innovate efficiently, and grow revenue viably. The 11 worldwide enterprise videoconferencing equipment vendors profiled here are:

- Acano
- Avaya
- Cisco
- Google
- Huawei
- Lifesize
- Magor Corp.
- Pexip
- Polycom
- StarLeaf
- Vidyo

ESSENTIAL BUYER GUIDANCE

In the two sections that follow, IDC offers guidance for vendors and buyers of enterprise videoconferencing solutions.

Advice for Buyers

For some organizations, there remains a challenge in getting enterprise employees to habitually meet and collaborate via video, but the barriers to acceptance of video in the business environment are rapidly diminishing, especially as video becomes more of an integrated application for communications and collaboration for all users, not just for those in central room locations.

The sponsorship of video should be fully endorsed at the corporate level (C-level) to help expand its use from the top down within the organization – with executive, management, and employee buy-in.

Providing incentives for employees to collaborate via video is highly recommended. Organizations should also educate workers on how to collaborate more effectively, including breaking down personal barriers to success.

As an alternative to deploying video network infrastructure on-premises, video-as-a-service (VaaS) and infrastructure-as-a-service (IaaS) offerings can provide much-needed flexibility and are less capital-intensive options for customers to consider for videoconferencing. Look for vendors/partners that can offer several deployment options for customers and prospects, as they will be better positioned to meet the growing need for flexibility and cost savings requirements. Video cloud services should be considered for those organizations lacking the IT skills and resources to manage and support enterprise video infrastructure and applications.

In regard to less capital-intensive options, organizations should also consider the opportunity that Web browsers present for video collaboration, as they can extend video client capability to users who may not have had access to video technology in the past – whether those are internal employees or external sessions with clients or partners in B2B and B2C applications. IDC views Web browsers as another type of video endpoint to consider – albeit considerably more familiar and easier to use for end users, at low or no cost for organizations. The downside to Web browser use can be meeting the video quality and security requirements of organizations.

Organizations deploying enterprise videoconferencing solutions need to take more of a strategic look at how implementing the technology will impact their current networking infrastructure, bandwidth, scalability, and so forth. IaaS for video bridging should be considered if the video impact on the company's own network is too much to support internally. And there is definitely a movement away from deploying videoconferencing as mostly a standalone solution, as organizations look closer at integrating video with their environments and business-critical applications today.

Advice for Vendors

The more traditional videoconferencing vendors must offset declining video equipment revenue with the right mix of premises, cloud, and hybrid video offerings, as challenges mount from more software-centric vendors and lower- or no-cost video cloud players such as Blue Jeans, Google, Microsoft/Skype, Zoom, and others.

At this point, video vendors and their partners should be able to capably demonstrate that video integration with UC and collaboration solutions – such as telephony, presence, instant messaging (IM), Web conferencing, and other collaboration applications – increases the overall value of video solutions for customers and shows a vendor/channel commitment to solutions selling versus selling standalone videoconferencing systems.

Channel sophistication is another key to success. Vendors should continue to enhance channel partner training, support, and services in order to better design/deploy customer UC/video integrations, not only from the technical point of view but also from the consulting and customization point of view.

Vendors/channels should help customers identify and develop a specific video use case (or cases) for their organization via usage behavior analysis and best practices. A good video use case many times leads to proliferation of video usage in other areas of the organization as well.

IDC sees the increasing use of video being driven by a desire to:

- Collaborate better (via high-resolution video and content) with a wider circle of coworkers in rooms, at desktops, and on mobile devices from any location.
- Expand the use of video externally to include growing demand for B2B and B2C sessions with customers, clients, business partners, and prospects.
- Integrate video with key business processes and applications (e.g., customer service, HR).
- Target specific vertical market applications such as healthcare, retail, and banking.

Solutions like video content management, digital signage, rich media content streaming, and application sharing continue to draw significant interest from customers. As part of the solutions-selling process, vendors and partners can add considerable value by also offering, demonstrating, and integrating these types of solutions for customers.

VENDOR SUMMARY PROFILES

Cisco

Cisco is ranked as a Leader in this IDC MarketScope. It features a comprehensive portfolio of video offerings ranging from browser-based support, software clients, and desktop solutions to multipurpose rooms and immersive rooms. Cisco's architectural approach allows customers to extend existing environments and scale the reach of video with consistent user experiences. Solutions are designed to enable video to be as easy as voice and accessible on any pane of glass. All Cisco collaboration applications are available for deployment in a virtualized environment. Cisco Unified Communications Manager (UCM) may be sized and clustered to provide call control for up to 80,000 endpoints – all of which can be video enabled and virtually deployed. Cisco's newly launched video products include the MX200 G2, MX300 G2, MX700, MX800, SX80, SpeakerTrack 60, Touch10, SX10, DX70, and DX80.

Cisco Collaboration Meeting Rooms (CMRs) provide a scalable and personalized virtual meeting room experience that combines video-, audio-, and data-sharing technologies to enable a high-quality video collaboration experience in cloud (planned for fall 2014), premise, or hybrid delivery models.

All of these experiences can be tied together through Cisco Unified Communications Manager – providing a single platform for call control, signaling, dial plans, and directories, plus user-centric benefits like extension mobility and seamless call escalation. The rest of Cisco's UC portfolio of products completes the collaboration picture ranging from voice, IM, and presence to WebEx Web conferencing, contact center, and others. Cisco deployment options for video include on-premises, private cloud, partner hosted/managed cloud, and hybrid and public cloud (multitenant) solutions.

Cisco has solutions to support business process integration – including DX endpoints with an Android-based platform for easy app integration as well as Jabber solutions, which can leverage an SDK kit to embed click-to-access collaboration functionality into any Web-based business application, such as sales force automation and project management. Jabber Guest enables B2C business processes and simplifies one-time interactions with customer service or sales departments. Cisco Remote Expert solutions integrate contact center skills-based routing and mobile client solutions with video-enabled client support processes. Intelligent Proximity is an example of Cisco embracing/integrating mobility and BYOD with video/UC. It enables users to leverage their personal devices to be part of a larger collaborative experience – providing rich content and contacts-sharing options.

The company is also expanding Cisco TelePresence interoperability to include two-way content sharing with Microsoft Lync 2013. This will be a software upgrade to the existing solution.

Cisco Prime Collaboration provides voice and video endpoint management, automated accelerated provisioning, real-time monitoring, proactive troubleshooting, and long-term trending and analytics in one integrated product. And Cisco's Medianet architecture is specifically designed to make the customer network aware of video traffic and video traffic aware of the customer network. This level of integration enables auto-discovery and provisioning, quality of service (QoS)/call admission control (CAC), and video-specific diagnostics and analytics.

Strengths

- Cisco's strength in networking and UC is highly complementary to its enterprise video collaboration business. It offers a broad range of video solutions and endpoints, most of which integrate well with its extensive UC portfolio in a one-stop approach for customers.
- Cisco Jabber is Cisco's mobile UC and video offering. Jabber clients run on a variety of platforms from Windows PCs and Macs to iPads, iPhones, and Android mobile devices, and support mobile video as well as voice, IM, presence, and other Cisco UC features.
- The Cisco Collaboration Edge Architecture provides capabilities to deliver a comprehensive any-to-any solution (i.e., interoperability, firewall traversal for B2B and B2C collaboration, PSTN connectivity, VPN-less Jabber, and teleworker collaboration, and more). It is a portfolio of gateway products that is based on security, simple user experiences, open standards-based interoperability, and architectural flexibility.

Challenges

- IT organizations are grappling with how to get started or move beyond pilot phases to implement and scale video cost effectively, and business users are evaluating video's contribution in order to transform business processes, deliver new services, improve productivity, and create competitive advantages. As such, Cisco and its channel partners are increasingly investing in and focused on solutions selling (versus system selling) with video at the forefront.
- Cisco's portfolio of video collaboration and telepresence solutions is broad and varied, as is its UC portfolio. As a result, the Cisco portfolio can be perceived as rather complex for some organizations. Cisco counters this by indicating that it has done quite a bit to simplify things with options to fit more deployment models, budgets, and so forth.

- To deliver the best possible video experience anywhere, Cisco believes it's essential that the experience encompass software, hardware, infrastructure, and the underlying network elements to ensure seamless interaction without compromise.
- Cisco must offset declining video equipment revenue with the right mix of premises, cloud, and hybrid offerings, as challenges mount from more software-centric vendors and lower- or no-cost video cloud players such as Blue Jeans, Google, Microsoft/Skype, and Zoom.

APPENDIX

Reading an IDC MarketScape Graph

The IDC vendor assessment for the worldwide enterprise videoconferencing equipment market represents IDC's opinion on which vendors are well positioned today through current capabilities and which are best positioned to gain market share over the next few years. Positioning in the upper right of the grid indicates that vendors are well positioned to gain market share. For the purposes of discussion, IDC divided potential key strategy measures for success into two primary categories: capabilities and strategy.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represent the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

This IDC study extends the vendor assessment model called the IDC MarketScape to the worldwide enterprise videoconferencing equipment market. The methodology behind this model uses both

quantitative and qualitative assessments of vendors' characteristics to explain success in the marketplace and will help anticipate their ascendancy. This study covers 11 vendors that provide enterprise videoconferencing equipment solutions, which are key components of collaboration architectures within organizations today.

This evaluation is based on a comprehensive framework that assesses vendors across a wide variety of technical and operational criteria, weighted by factors IDC expects will be the most influential for short- and long-term enterprise videoconferencing market success.

The IDC MarketScape is designed to provide an overview of the competitive fitness of the global solution providers in the enterprise videoconferencing equipment market. A single chart displays each given company's market share and indicates whether it is over- or underperforming and how well it is suited to compete in the market today and in the future (three to five years from now). The accompanying text explains each contender's major strengths and opportunities/challenges.

IDC employs the following method to arrive at each company's ranking:

- **Sources.** This study is based on a model that is populated with data provided to IDC from a vendor questionnaire, companies' quarterly and annual reports, earnings calls, industry analyst events, interviews with company representatives, IDC research, and news coverage.
- **Market shares, growth rates, and revenue numbers.** This IDC MarketScape primarily covers the worldwide enterprise videoconferencing equipment market, including videoconferencing room solutions; executive, desktop and mobile endpoints; and video infrastructure equipment. For companies that do not publicly disclose this revenue, IDC estimates revenue and growth rates based on public information, discussions with the vendor, and knowledge of the industry.
- **Competitive fitness.** Each major competitor's preparedness for current and future market conditions is expressed as a set of two scores. One score expresses a given vendor's current "capabilities," while the other expresses the appropriateness of its "strategies" for the future. (IDC bases its assessment of future market conditions on what most likely will be the market's major trends and disruptors.) Each of the two scores is broken down into three criteria (product offering, go to market, and business), each of which in turn is broken down into several subcriteria. Both criteria and subcriteria are weighted by importance for a particular market. For each company, we score its qualities with regard to each of the subcriteria, assigning a numeric value. The IDC MarketScape model uses these values to calculate each company's score for each of the criteria and rolls these values up to arrive at the described set of two scores.

Market Definition

Enterprise Videoconferencing Equipment

Enterprise videoconferencing equipment comes in a wide range of solutions, offering customers a broad set of price-to-performance feature options. IDC categorizes the following types of videoconferencing systems:

- **Immersive telepresence** includes a custom-designed room environment, multiple high-definition (HD) screens (two to four) with multiple software codecs, HD audio, custom lighting,

tables, and so forth – all creating an immersive, lifelike experience. (Note: Immersive telepresence solutions are not a primary consideration of this assessment. A separate IDC MarketScape on immersive telepresence systems and vendors is planned for late 2014/early 2015.)

- **Room-based videoconferencing** includes small group, dedicated videoconferencing equipment, non-portable or portable, high quality, and less expensive than immersive. This market segment has been transitioning to high-definition video, larger screen formats, and rich, wideband and HD audio, thereby providing users with a much richer meeting environment.
- **Personal videoconferencing** includes all-in-one desktop solutions and dedicated videoconferencing hardware for individual use (not including videophones). For personal videoconferencing applications, many enterprises have deployed "executive systems," which are all-in-one desktop or tablet device solutions that combine the performance of dedicated videoconferencing hardware with packaging designed for individual use rather than for the conference room.
- **Video infrastructure** includes video multipoint control units (MCUs), software-based MCUs, video software codecs, cameras, screens, and associated audio components.

"Other" (non-MCU) video infrastructure includes video gateways, gatekeepers, NAT-firewall devices, and scheduling and management systems.

LEARN MORE

Related Research

- *Consider a Hybrid Approach to Your UC&C Deployment* (IDC #248118, April 2014)
- *Worldwide Unified Communications and Collaboration 2014 Top 10 Predictions* (IDC #246474, January 2014)
- *Worldwide Unified Communications and Collaboration 2013-2017 Forecast* (IDC #244697, December 2013)
- *IDC MaturityScape: Unified Communications and Collaboration (UC&C)* (IDC #244241, November 2013)
- *Worldwide Enterprise Videoconferencing and Telepresence 2013-2017 Forecast* (IDC #243002, September 2013)
- *IDC MarketScape: Worldwide Unified Communications and Collaboration 2013 Vendor Analysis* (IDC #241818, June 2013)
- *IDC MarketScape: Worldwide Enterprise Videoconferencing Equipment 2012-2013 Vendor Analysis* (IDC #236894, September 2012)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of a number of vendors participating in the worldwide enterprise videoconferencing equipment market. The IDC MarketScape

is an evaluation based on a comprehensive framework and a set of parameters that assess vendors relative to one another and to those factors expected to be most conducive to success in a given market during the short term and the long term.

"We continue to see the impact of delayed customer buying decisions, lower-cost video solutions, more software-centric products, and competitive cloud-based video service offerings on the worldwide enterprise video equipment market," said Rich Costello, senior research analyst, Unified Communications and Enterprise Communications Infrastructure at IDC. "Several recent weak quarterly results are indicative of the ongoing transition from a primarily hardware-based reporting model to one impacted by the interest in and growth of video subscription services. On the bright side, most or all of the vendors profiled in this IDC MarketScape are now offering cloud-based video alternatives to customers too – in addition to their own lower-cost, premises-based solutions."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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