

SPECIAL EDITION

VCON/MITEL INTRODUCE VOICE FIRST

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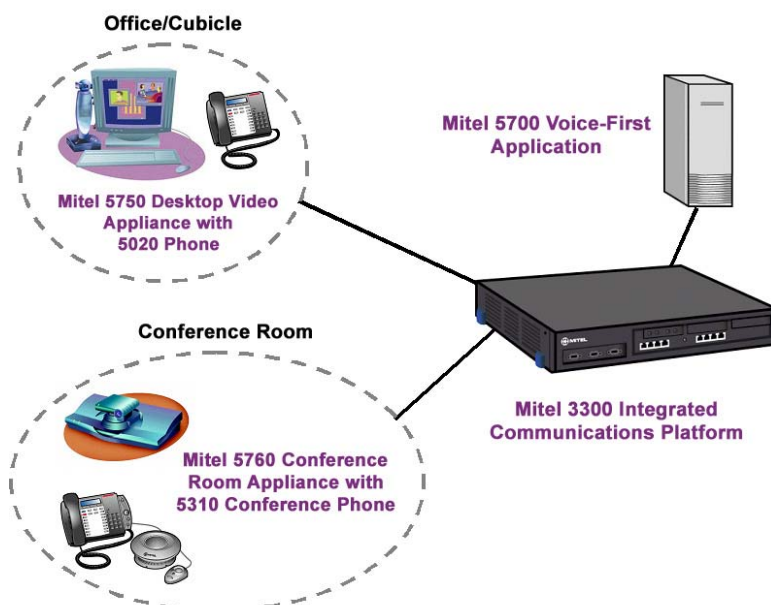
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Mitel Networks and VCON Collaborate to Deliver Converged IP Voice and Video

VCON and Mitel Networks have announced a development and distribution agreement to deliver converged IP video solutions. This relationship will lead to Mitel's integrating VCON's video technology with its IP-based Integrated Communications Platforms (PBX machines) to deliver true application-level convergence of voice and video. The relationship between the two companies is based on a paradigm dubbed "Voice-First" that enables enterprise users to add interactive video to a conversation through the push of a button on a Mitel IP handset.

The joint development and distribution agreement will initially involve the integration of the Mitel Networks 3300 Integrated Communications Platform with the VCON Media Xchange Manager (MXM), enabling the industry's first truly converged voice and video communications solution. Using Voice-First, a user simply places a normal voice call. If both users are also video-enabled, the "video" button on the phone flashes. Pressing this button automatically adds interactive video on the users' PC displays. Audio and other user controls such as transfer and ad hoc multipoint conferencing remain on the phone. With Voice-First, the only decision the user needs to make is whether or not video will add value to the call.



Availability of the Mitel-VCON solution will be in the Q2 2002 timeframe. Demo versions are running now.

There are two key elements to the Mitel Networks/VCON relationship. 1) Mitel Networks and VCON will enter into joint development to create the Voice-First concept; 2) The two companies will form a distribution agreement whereby Mitel licenses and distributes select VCON products that will carry the Mitel name and will be sold through the Mitel distribution channel.

Here's What I Think

You may be wondering why I think this announcement is worthy of "special edition" coverage. The WRB usually doesn't give much credence to joint development and distribution agreements. And VCON isn't paying us a cent to put out this issue. So why now?

Because the voice-first paradigm is really significant.

Focus on the desktop for a minute. Desktop videoconferencing (DVC) has been a world-wide market disappointment. Six years after its introduction, DVC still accounts for tens of thousands of units per year, not tens of millions. Wainhouse Research has investigated this phenomenon several times, and yes, the quality and reliability of DVC products have improved immensely, the prices have fallen from \$6,000 to under \$600 while the CPU horsepower, RAM and other components (operating system aside) are light-years ahead of where they were just a few years ago. And of course, most desktops have a nice IP connection already installed, already working. So what's the problem?. Why aren't enterprises deploying this stuff? Why aren't user's clamoring for desktop videoconferencing. Well, one of the major problems is the issue of connectivity. Who are you going to call? What if they don't have a video connection? What if they have a video connection, but don't have it turned on? What if you call by video and the line is busy, or maybe they've stepped away from their office. What happens? Usually nothing. Bottom line: DVC products haven't met with the enterprise user's expectations for ease of use. DVC isn't reliable, and it isn't convenient.

When you go to a meeting room for a group videoconference, chances are it has been scheduled and the other side is sitting there waiting for your call. It is a totally different expectation and user paradigm.

A few months ago, after interviewing several end users (totally unrelated to anything VCON was doing), we at Wainhouse Research concluded that perhaps personal videoconferencing needed a new paradigm. Video (conferencing) made more sense as an add-on to other applications, not as a stand-alone product. So, maybe the world of interactive two-way video will take off when video is an add-on to 1) voice, 2) web conferencing, and/or 3) instant messaging. The instant messaging paradigm was introduced by Microsoft with its Messenger for Windows XP product. An interesting paradigm, but one that right now has limited performance. Web conferencing developers will

probably introduce video streaming and then move on to two way video if the customer demand materializes.

But video as an add-on to voice is a natural. And of course this really makes sense only in an IP environment. To make it all work, you need expertise in voice over IP, IP PBX technology, and of course video over IP. The Mitel-VCON announcement is headed toward the integration of Mitel IP telephony products with VCON's desktop video products. With IP as the underlying technology, you would be able to hit a button on your Mitel phone and have video pop up on your VCON-enabled, large screen PC.

Another possibility for the future market is to have an IP videophone (probably with a much smaller screen) which answers in voice mode but is capable of switching into video mode with the push of a button. This is the way the POTS videophones from 8x8 work. But of course, with IP and a PBX (and the VCON MXM) the solution is far more powerful and elegant.

One last note: There is nothing to prevent this from taking off in the conference room either. An IP speakerphone in the room, and then a voice-first call which ultimately launches a video call on the room system in the corner. But the current conference room paradigm for videoconferencing is already well accepted, so I expect the new paradigm to have less of an effect. Different from the personal conferencing scenario, where the new paradigm is an enabler.

My bottom line on this announcement. I think it is the wave of the future. I think video as an add-on to other conferencing applications is the way the desktop market will take off. IT will have applications in the conference room as well, but the voice-first paradigm is the enabling paradigm for the desktop. For VCON, and perhaps for Mitel, this is the path to market leadership, to distinctive competence, and to a path that establishes a new market segment. No doubt, this move will put pressure on Mitel's PBX competitors as well as other desktop videoconferencing companies. I think Mitel and VCON will enjoy a unique position for a while, but I expect some of the DVC and IP PBX competitors to rear their heads within a year.

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↔ [WR Forum: Voice First - the right paradigm for DVC?](#)

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