

2009 North American Conferencing & Collaboration Product of the Year Award**Vidyo**

Frost & Sullivan presents the 2009 Product of the Year Award in the North American conferencing and collaboration market to Vidyo, Inc. in recognition of its ability to introduce a new line of videoconferencing products, which leverages a revolutionary standard that is quickly gaining market acceptance. This Award is presented each year to a company that has demonstrated excellence in new product development that has significant potential within its industry. 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.

Significance of a New Product in its Industry

Vidyo's solution is the first in the market to leverage Scalable Video Coding for video conferencing – a recently ratified standard that is increasingly being accepted or explored in the market. Videoconferencing is a bandwidth-intensive and sensitive application, the primary reason why businesses think hard about adding video to their networks. Scalable Video Coding (SVC) and Vidyo's architecture that uses SVC, enables applications to dynamically adapt to varying network conditions such as packet loss, fluctuating network bandwidth, and network delay. Accordingly, this approach has the potential to remove the barrier to large-scale adoption of video. In addition, SVC helps enable videoconferencing solutions to deliver an optimal experience across endpoints of different resolutions.

SVC is part of a larger video compression standard called H.264. Today the most prevalent video compression standard is based on H.264/AVC. The SVC addition was ratified in November 2007, as annex G by the ITU-T Video Coding Experts Group (VCEG) and International Standards Organization (ISO) MPEG. Vidyo has been quick to recognize the potential in adopting this standard for point-to-point, multipoint, and desktop video applications where the bandwidth cannot be guaranteed and has built significant expertise around leveraging this standard for these applications.

Product Innovation to Address Market Needs

Vidyo's complete portfolio goes by the name of VidyoConferencing™ and claims to deliver enterprise class video conferencing from desktops through room systems and

up to a Telepresence-like experience over converged IP networks. Vidyo has introduced an entirely new and unique architecture for video conferencing based upon routing encoded packets to deliver rate-matching while adapting to bandwidth fluctuations, which allows the elimination of transcoding for a multipoint conference. This has been achieved by leveraging the SVC technique through a VidyoRouter™. The VidyoRouter eliminates the need for a Multipoint Control Unit (MCU) which is typically the bottleneck to traditional videoconferencing system deployments involving a large number of users.

In the case where there are multiple and different kinds of endpoints, the VidyoRouter automatically makes the necessary adjustments to accommodate the bandwidth, processing power and screen resolution needed by each endpoint involved in a conference. This way each endpoint receives only the packets it requires for each participant. This is an especially important advantage with the prevalence of a mixed installed base of standard definition endpoints, high-definition endpoints, desktop software endpoints and telepresence solutions.

Competitive Advantage in the Industry

Vidyo's products and technology positively impact the overall videoconferencing market but more specifically the desktop videoconferencing software market – a segment with significant potential that has never taken off. Today, there is an increasingly strong demand from large businesses to leverage their existing investment in videoconferencing and deploy HD video conferencing for all of their employees to use, both in conference rooms and at desktops. While there are other videoconferencing products in the market that allow this, the current breed of MCU-based video conferencing solutions become economically inefficient when desktop video is extended to a large number of users. On the other hand, although there is a slew of new Internet-based videoconferencing offerings on the market, these are typically unable to deliver HD resolution and frequently do not interoperate with the existing room systems.

Vidyo's new approach to video coding eliminates 80 percent of the delay, freezing and audio loss that plagues traditional videoconferencing, without requiring expensive network upgrades and complex bandwidth management solutions, all while providing an HD experience for desktop users. Vidyo is also able to target the increasing demand for extending videoconferencing to remote workers and telecommuters. Remote worker situations frequently involve unstable public Internet connections. Vidyo's technology now allows participants to join conferences from anywhere, on any system and any connection. All these competitive advantages are expected to bolster Vidyo's position in the market as desktop videoconferencing becomes an important component of unified communications (UC).

Product Acceptance in the Marketplace

Privately held, Vidyo's technology and potential managed to attract investment of more than \$20 Million that the company is using to accelerate product development and build out channels.

Frequently, the inclusion of videoconferencing as part of the larger suite of UC applications is being touted as the driver of large-scale adoption of video. Accordingly, acceptance and adoption of Vidyo's technology by some of the key participants in the UC market signals the acceptance of the product in the marketplace. Vidyo offers OEM customers, in this case UC-focused companies, the ability to license H.264/SVC based technology to use in building their future products.

In January 2008, Cisco announced its agreement to license VidyoTechnology™. Cisco's plan is to integrate the technology into future video conferencing products to enhance its ability to provide users with high-quality desktop video experiences across a broad range of network environments and endpoints. This is a significant win for Vidyo, with Cisco being the leader in IP telephony, one of the key proponents of video and telepresence and one of the main contenders in the unified communications race. In August 2008, ShoreTel, yet another key IP telephony and unified communications vendor went on to announce the availability of release 8.0, ShoreTel's new suite of communication products, which integrates VidyoTechnology. Most recently, Hitachi Communications just released HD video conferencing based upon VidyoTechnology. In November 2008, Vidyo received further validation of the scale and intelligence of its technology when Google released video chat for Gmail using VidyoTechnology.

Vidyo's products are also very applicable to service provider deployments because of the product's networking characteristics and the company's annual licensing model which allows buyers to make the purchase of on-net video infrastructure as an operating expense rather than upfront investment. Vidyo has recently made several announcements in this arena.

Conclusion

Innovating and investing in a new technology in a highly competitive market with well-entrenched vendors is a challenge. Vidyo has been able to overcome this challenge and successfully introduce new products that break the barriers to wide-scale video deployments. Frost & Sullivan recognizes this and presents Vidyo with the 2009 Frost & Sullivan Product of the Year Award in the North American conferencing and collaboration market.

Award Description

The Frost & Sullivan Award for Product of the Year is presented each year to the company that has demonstrated excellence in new product development and launch within its industry. The recipient company has shown innovation by launching a broad line of emerging products and technologies.

Research Methodology

To choose the recipient of this Award, the analyst team tracks all new product launches, R&D spending, products in development, and new product features and modifications. This is accomplished through interviews with market participants, and extensive secondary and technology research. All new product launches and new products in development in each company are compared and evaluated based on degree of innovation and customer satisfaction. Frost & Sullivan then presents the Award to the company ranked number one in overall product success.

Measurement Criteria

In addition to the methodology described above, there are specific criteria used to determine final competitor rankings in this industry. The recipient of this Award has excelled based on one or more of the following criteria:

- Significance of new product(s) in its industry
- Competitive advantage of new product(s) in its industry
- Product innovation in terms of unique or revolutionary technology
- Product acceptance in the marketplace
- New product value-added services provided to customers
- Number of competitors with similar product(s)