



Dear Subscribers,

I am releasing a special edition of the *Telepresence Options Telegraph* as Cisco has just announced that they will be acquiring TANDBERG for almost \$3.0 billion dollars, IBM has announced they are getting into managed services for Cisco Telepresence, and Glowpoint has announced Telepresence Exchange as a service.

Warmly,

**HSL**

Howard S. Lichtman,

Publisher – *Telepresence Options*

## [Cisco to Buy TANDBERG for \\$3.0 Billion, What it Means, and Why I Publicly Predicted it 7 1/2 Months Ago](#)

October 1, 2009 | [Howard Lichtman](#)



Cisco announced today that it will acquire telepresence and videoconferencing equipment provider TANDBERG for almost \$3 billion in an all cash offer. The Wall Street Journal reported that the announcement sent shares of Tandberg (TAA) trading up 15.70 Norwegian kroner, or 11%, at NOK154 by 0731 GMT. This was a 25.2% premium to the 3-month volume weighted average closing price for TANDBERG's stock.

### **Reader Poll: What's Cisco Going To Do With \$30 Billion Bucks? (with HSL prediction)**

February 11, 2009 | [Howard Lichtman](#)

#### **HSL's Thoughts and Analysis**

I'm betting 5 rapidly depreciating fiat dollars that say they buy either **TANDBERG** or **LifeSize**! If Cisco ever gets serious about publicly available telepresence it would only take about \$35MM to do it right...

[Video: Cisco CEO John Chambers and TANDBERG CEO Fredrik Halvorsen discuss the Acquisition](#)

Cisco is offering NOK153.50 a share, valuing Tandberg's total share capital at NOK17.2 billion (\$2.97 billion). TANDBERG reported revenue of \$809 million in 2008 and competes with Cisco in the market for telepresence and videoconferencing solutions including Telepresence Group Systems, Videoconferencing Systems, and Video Network Infrastructure. Cisco has reported that Cisco TelePresence is the company's fastest growing product line ever with 350 organizations deploying over 2500 TelePresence Systems since the product's launch in October of 2006.

Demonstrating the potential of telepresence technology in managing multi-national enterprises, Cisco has deployed over 608 telepresence systems internally reducing their internal travel budget by 50% and saving, by their estimate, over \$400 million in hard and soft costs.



Cisco has begun a major push to expand the ability to connect Cisco TelePresence systems among disparate organizations to enable Inter-company business between organizations that deploy TelePresence and their partners, vendors, and customers. The company has signed up some of the world's largest telecommunications carriers and



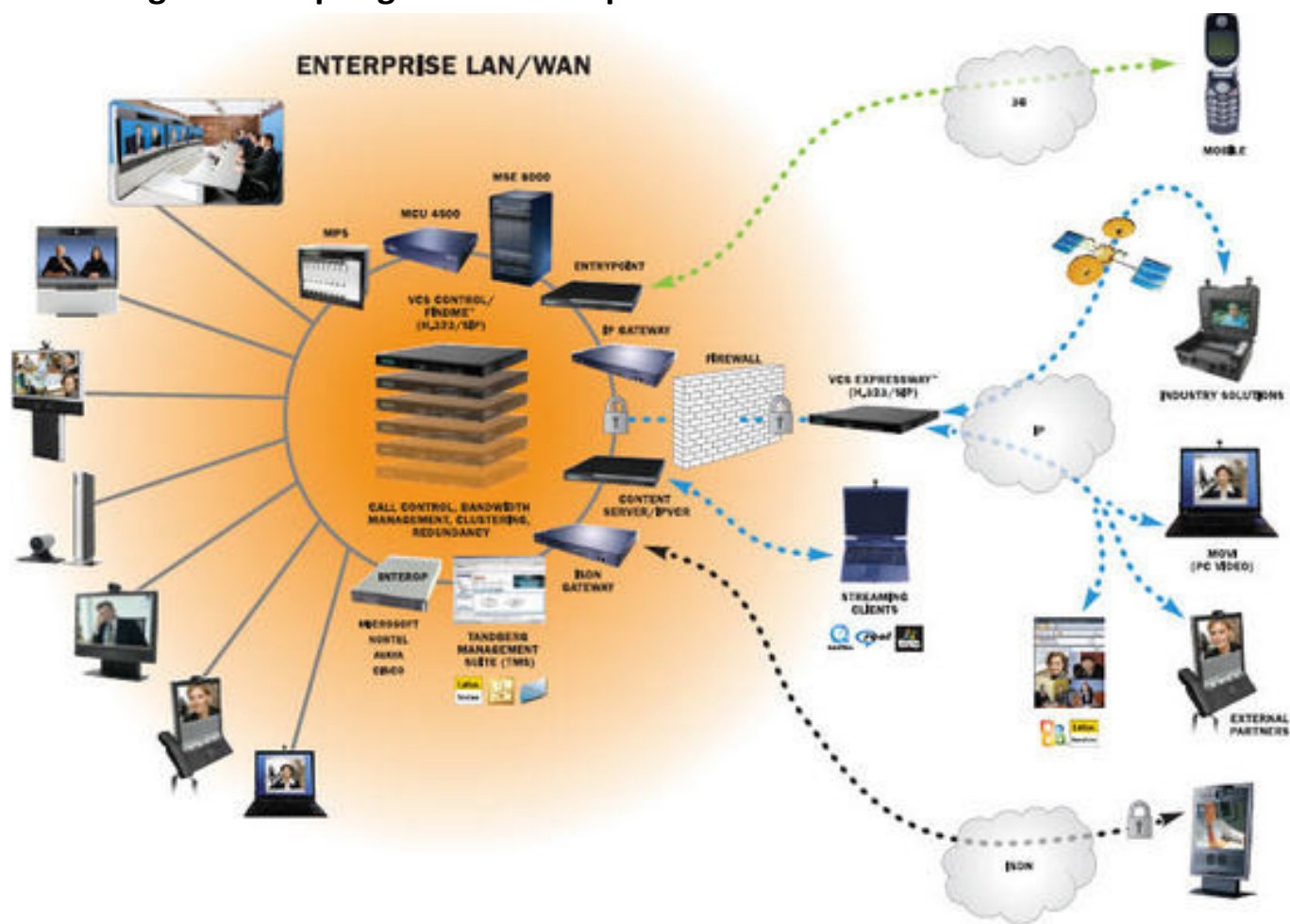
Managed Service Providers including [AT&T](#), [BT](#), Orange, NTT, [Tata Communications](#), Telefonica, Telstra, [Telmex](#), and [just yesterday announced a deal where IBM will provide managed services for Cisco TelePresence](#).

It is reported that TANDBERG will be integrated into the Emerging Business Technology Group which developed Cisco TelePresence under Cisco Senior Vice President Marthin DeBeer where TANDBERG CEO Frederick Halvorsen will lead a newly formed business called the TelePresence Technology Group.

# Howard Lichtman's Thoughts and Analysis

On [February 11th, 2009](#) I speculated publicly that Cisco would probably acquire TANDBERG. Here is the logic of the business case that I took one of our [consulting clients](#), a buy/sell side hedge fund, through in April of 2009:

## 1. TANDBERG fills out Cisco's Telepresence and Visual Collaboration Portfolio while Removing and Co-opting their #1 Competitor



While Cisco has been able to drive an amazing amount of sales for what is essentially a V 1.5 telepresence offering with "OK" environmental, it could have driven substantially more if it had a more complete product line with better interoperability at higher qualities with traditional videoconferencing systems. While TANDBERG was late getting into the telepresence game, they have been catching up quickly with their T1 / T3 telepresence offerings and broad visual collaboration portfolio and have been hitting on all cylinders as an effective marketing and sales organization.

## The TANDBERG acquisition gives Cisco:

- **High Quality, Lower Cost End-points** - A wide variety of more cost-effective videoconferencing endpoints with excellent native inter-interoperability with traditional standard-based videoconferencing end-points. TANDBERG boasts a complete product portfolio that extends video capabilities from high-end telepresence end-points to group systems to desk top applications to video phones to laptops and mobile devices.
- **Video Network Infrastructure & Video Network Management**-In 2007 TANDBERG acquired Codian the leading manufacturer of vendor neutral HD video network infrastructure. That acquisition allowed TANDBERG to lock up a vendor neutral platform that they could then tightly integrate with their endpoints and management platform AND took the largest and most sophisticated engineering team working on video network infrastructure off the market blocking some folks who are probably still kicking themselves right now. The TANDBERG/Codian platform had quickly becoming the defacto standard for telepresence and videoconferencing managed service providers who must manage multiple HD video streams and connectivity between multiple platforms. The company also expands their portfolio of video network management tools with TANDBERG's respected TANDBERG Management Suite which simplifies the management of large telepresence and videoconferencing deployments to TANDBERG's firewall traversal technology to recording-archiving-streaming.

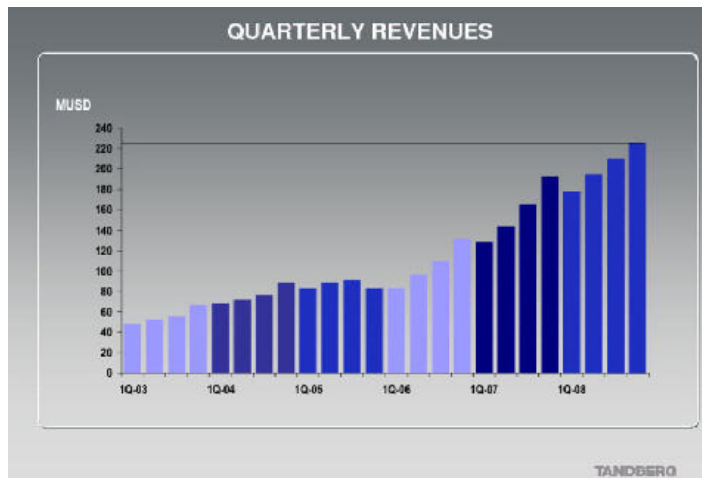
## 2. The TANDBERG Acquisition Allows Cisco to give HP, Avaya and Microsoft the Shiv!



Talk about kicking your competitors where it hurts... TANDBERG had a key partnership with HP in visual collaboration where HP was filling in the gaps of their own telepresence and visual collaboration portfolio in essentially the same areas outlined above and Microsoft and Avaya had key partnerships in Unified Communications. With HP Halo, TANDBERG was acting as a sales channel for the sale of HP's managed services for telepresence and videoconferencing including the \$100MM+ HVEN network that I advised them to abandon in 2005. HP loses essentially their entire R&D investment in time and treasure and their #1 sales channel for managed video services, a portion of their roadmap for the next generation of HP Halo offerings, and the key supplier for the camera and codec in their offering is now their #1 competitor.

Microsoft and Avaya had partnerships with TANDBERG where they were integrating videoconferencing elements into their Unified Communications (UC) offerings. Since Cisco is a direct competitor with both Microsoft and Avaya in UC I am assuming that this work will be coming to a grinding halt...

### 3. Cisco Seizes the Most Successful Management Team, Sophisticated R&D Organization, and Valuable Intellectual Property Portfolio in Visual Collaboration.



In June while accompanying a group of European and American investors on a tour of telepresence and videoconferencing companies led by Anita Huun of Handelsbanken, I was introduced to a concise piece of wisdom from Guido Jouret, the CTO of the Emerging Technologies Group at Cisco: **"Where there's mystery, there's margin"**. I can think of only a handful of industries where this holds as true as telepresence and visual collaboration. Encompassing the arcane sciences of codec transcoding, telepresence environmental design, wire-speed video network infrastructure, true QoS inter-networking, and a variety of other technical specialties

that make the brain hurt just pronouncing their names. Cisco inherits a rich tradition of technological innovation, a superb R&D organization, a compelling portfolio of intellectual property, and the most professional and accomplished management team in the industry led by Fredrik Halvorsen. TANDBERG has been posting double digit YOY revenue growth since Mr. Halvorsen took over the reigns as CEO in December of 2005.

### 4. Cisco Turns Their Pile of Rapidly Depreciating Fiat Paper Tickets Into Real Assets

According to the Wall Street Journal, the Cisco war chest is down to a still impressive \$13 billion after spending "almost \$22 billion to buy back nearly 900 million of its own shares over the past three fiscal years through late July". In a similar vein to the advice we give our consulting clients that are "US dollar rich" (Turn your rapidly depreciating fiat paper tickets into an ability to collaborate globally with business partners, vendors, and investors without physical travel). I think it makes good business sense for Cisco to turn its

depreciating paper tickets into assets during a

time when the US Dollar is under considerable stress from [declining tax revenue](#), [sky rocketing budget deficits](#), [stealth monetization of sovereign debt](#), [exposure of the Fed's manipulation of the gold market](#), and [foreign investors abandoning US equities, corporate paper, and sovereign debt](#).



It was for these reasons (and others) that I predicted that Cisco would buy TANDBERG in February of 2009. I thought that telepresence and videoconferencing equipment maker LifeSize Communications might have been a less expensive option but was speculating openly that TANDBERG was the best fit. My comment about \$35MM to do publicly available telepresence right in the quote referred to [the Human Productivity Lab's business model for a global network of publicly available telepresence conferencing centers, Powwow Virtual](#), that Entrepreneur Magazine will be profiling in its next issue.

## Other Thoughts and Analysis

### Who Wins

- **Cisco's TelePresence Customers and Partners**- Many of whom have been sweating over Cisco's lack of a more sophisticated strategy around inter-operability, lower-cost, higher quality end-points, and telepresence exchange.
- **John Chambers** - Gets the missing pieces of the puzzle to complete the vision
- **Marthin DeBeer** - That guy is building quite an empire... Good thing he has telepresence
- **Frederic Halvorsen** - Big payday, global recognition, and resources for expansion
- **Cisco Systems Integration and Managed Service Partners Skilled in Both Cisco & TANDBERG** - IVCi, Dimension Data, IBM, Glowpoint, York Telecom, and BT Conferencing immediately spring to mind

### Who Hurts (Besides HP, Avaya, and Microsoft)

**RADVISION** - OEM partner for many of Cisco's existing video network infrastructure solutions.

**The Rest of the Telepresence and Visual Collaboration Industry** - Better get on your bikes and peddle friends... Cisco and TANDBERG are going to be a formidable competitor...

### About the Author



Howard Lichtman is the President of the [Human Productivity Lab](#), an independent consultancy focused on telepresence and effective visual collaboration for organizations looking to improve productivity and reduce costs. The Lab provides corporate clients with acquisition consulting, RFI/RFP creation, and ROI/TCO financial modeling on telepresence systems, telepresence managed services, and inter-networking telepresence. The Lab also provides investors with prescient insight into the rapidly growing telepresence industry. Mr. Lichtman is also the publisher of **Telepresence Options**, the #1 website on the internet covering telepresence technologies.

## ***IBM Launches Managed Services for Cisco TelePresence***



IBM jumped into the market for telepresence managed services with both feet on Wednesday with [an announcement that it is rolling out managed services for Cisco TelePresence](#). The announcement states their offering will include design, implementation, concierge and help desk, integration with client calendaring application, remote operations, and maintenance and support. IBM Global Financing will also offer flexible billing and payment options. In this article by Larry Barret of InternetNews, IBM claims it already has 250 Cisco TelePresence certified technicians.

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### **Related:**

[IBM Cisco TelePresence Press Release](#)

[Made in IBM Labs: IBM Creates Software for Holding Face-to-Face Meetings in Virtual Worlds](#)

[IBM Debuts "Virtual Mirror" Kiosks For Hair and Makeup Help](#)

[Cisco and IBM Enhance Banking Experience With Cisco TelePresence and Optimized Self-Service](#)

## **The International Society for Presence Research - PRESENCE 2009 Conference**

[The International Society for Presence Research \(ISPR\)](#) will be holding its 12th annual conference: [PRESENCE 2009](#) at the [Marina Del Ray Hotel](#) in Los Angeles November 11th-13th in conjunction with the [University of California Institute for Creative Technologies](#).



The ISPR is the academic organization most focused on the research and technologies around and parallel to telepresence conferencing. *Telepresence Options* publisher [Howard Lichtman](#) will be speaking on the growth of and future of telepresence conferencing at the event and we will be organizing a get together with [Telepresence Industry Professionals](#) to bring together the academic and corporate worlds of telepresence conferencing. *Telepresence Options* and the ISPR are looking for a leading academic researcher in the field of telepresence to organize a ISPR Sub-Group around telepresence conferencing specifically

that would connect researchers working on the next generation of telepresence conferencing technologies: camera capture, display technology, codec, environmental design, spatial acoustics, holography, and inter-networking are a few examples of academic disciplines that would benefit from sharing knowledge. Please contact Matthew Lombard, President of the ISPR @ lombard (at) temple.edu if interested. The ISPR would also welcome university and corporate sponsors interested in promoting research into the future of telepresence conferencing. Please contact Howard Lichtman @ HSL (at) HumanProductivityLab (dot) com if your organization is interested in plugging into the leading research into the next generation of telepresence technologies. [Continue reading...](#)

## Telepresence New Articles and Stories

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### [\*\*Cisco to Buy TANDBERG for \\$3.0 Billion, What it Means, and Why I Publicly Predicted it 7 1/2 Months Ago\*\*](#)

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### [\*\*IBM Serves Up Cisco TelePresence Service\*\*](#)

September 30, 2009 By Larry Barrett, InternetNews.com

IBM on Wednesday debuted a new managed telepresence service for companies that want to take advantage of Cisco's high-definition video and voice-conferencing technology, but don't want have to deal with all the pesky maintenance and support issues the high-end equipment requires.

## Important Advertisement Below!



**GBH Communications and LifeSize Communication wants to improve the way you communicate**

[GBH Communications](#) provides conferencing products, services and integrated solutions to a wide variety of corporations, government and educational organizations nationwide. Enterprises small and large turn to GBH to provide solutions to their communication and conferencing needs.

GBH makes new methods of collaboration and consensus possible through the latest in converging technologies. As a company, we offer customized solutions for a wide range of communications needs including: **(click-n-learn below)**

[\*\*Video conferencing, Audio conferencing, Headset solutions, VoIP solutions, Managed services\*\*](#)



[LifeSize Communication's](#) high definition video delivers superior quality of experience, unique flexibility and unmatched price performance. Conduct a video conference around the globe – in true high definition video. [Watch the video](#)

## Telepresence Industry Press Releases

Check out the latest news from the companies on the forefront of telepresence technologies, telepresence managed services, and inter-networking telepresence. [Browse the Archives](#)

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### **[Glowpoint Introduces Telepresence "Interoperability as a Service"](#)**

HILLSIDE, N.J. October 1, 2009 - Glowpoint, Inc. (OTCBB: GLOW), a leading provider of advanced video communications solutions, today announced a new interop service that enables businesses to seamlessly connect Cisco TelePresence Rooms with standards-based telepresence and traditional video conferencing systems, which were formerly incompatible. Defined as "interoperability as a service" (IaaS), the service is now available upon request to businesses around the world.

### **[Cisco to Buy TANDBERG for \\$3.0 Billion - Official Press Release](#)**

SAN JOSE, CA and NEW YORK, NY and OSLO, NORWAY, Oct 01, 2009 -- [Cisco](#) (NASDAQ: [CSCO](#)) today announced a definitive agreement for Cisco to launch a recommended voluntary cash offer to acquire [TANDBERG](#) (OSLO: [TAA](#)). TANDBERG, based in Oslo, Norway, and New York, is a global leader in video communications, including a broad range of world-class video endpoint and network infrastructure solutions with intercompany and multi-vendor interoperability. With this proposed acquisition, Cisco will expand its collaboration portfolio to offer more solutions to a greater number of customers, further accelerating market adoption globally.

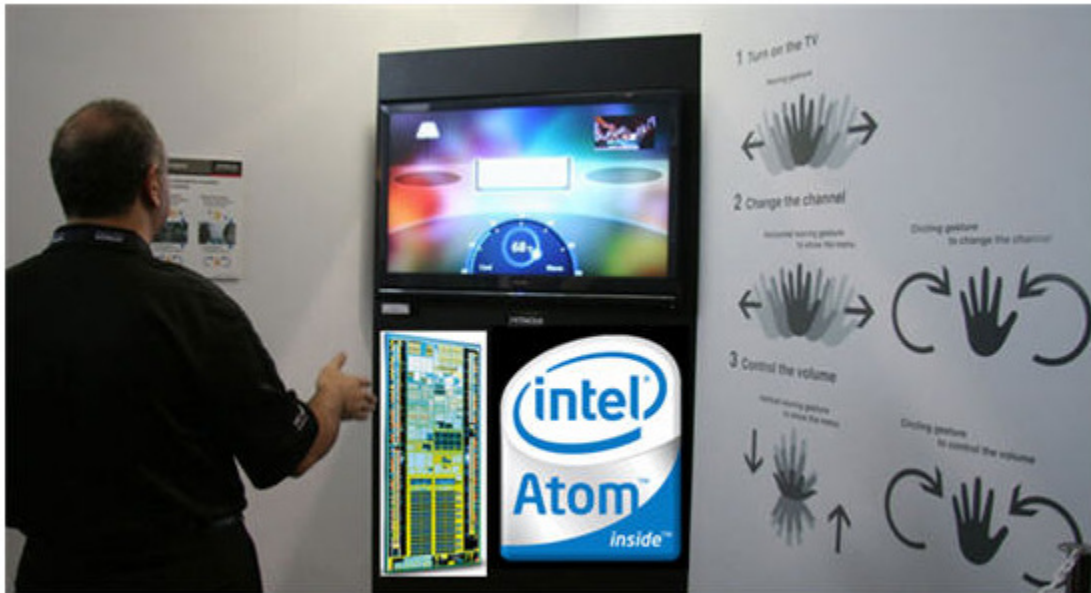
### **[IBM Announces New Managed Video Communications Solution New Services Enable Clients to Work Smarter and Save on Travel Costs](#)**

ARMONK, N.Y., Sept. 30 /PRNewswire-FirstCall/ -- IBM (NYSE: IBM) today announced new services to help companies around the world improve global communications, reduce their carbon footprint and save costs on travel expenses.

Video communications delivers a new dimension to collaboration by bridging the barriers of geography, culture and location. For the first time, IBM is delivering a managed service to make it easy to implement and operate a video communications solution enabling smarter collaboration between employees, customer and partners around the world. The new IBM Converged Communications Services - Managed Telepresence service includes design, implementation, concierge and help desk, integration with client calendaring application, remote operations, and maintenance and support. IBM Global Financing will also offer flexible billing and payment options for this solution.

## [Intel Technology, Processing Power Key to TV Revolution](#)

INTEL DEVELOPER FORUM, San Francisco, Sept. 24 - The television, both the device and the experience, has arrived at an inflection point. In keynote addresses today at the Intel Developer Forum, Intel Corporation executives Eric Kim and Justin Rattner discussed what happens and what's needed when the full Internet converges with broadcast networks. The executives laid out the opportunities, both short- and long-term, to make the TV experience more visual, more personal and more interactive.



*Photo Illustration of a Hitachi Television with a Gesture Camera with Image of the Intel Atom*

Kim, senior vice president and general manager of Intel's Digital Home Group, took the wraps off the Intel® Atom™ processor CE4100, the newest system-on-chip (SoC) in a family of consumer electronics (CE) media processors, and announced efforts with several key industry players including Adobe, CBS, Cisco and TransGaming which are helping to make the vision of interactive TV a reality in the short-term.

## **Telepresence Industry Deals**

[Sept. 30<sup>th</sup> 2009](#) - LifeSize partner, eVideo Communications, has completed a \$400,000 deal with energy producer, Stanwell, for the rollout of an enterprise video conferencing system.

## Odds & Sods

[Sept. 30<sup>th</sup> 2009](#) - Neotel launches Africa's first public telepresence facility - Converged communications network operator Neotel on Wednesday launched Africa's first public Cisco telepresence facility, which would provide a new high definition "immersive" video conferencing opportunity, while also formally opening its Neovate Park head office, in Midrand. Tata Communications is a major shareholder in Neotel



Mr Ajay Pandey, CEO of Neotel with Minister Nyanda in Johannesburg connecting to London via Telepresence

### [Sept 28<sup>th</sup>, 2009 - Pixavi Launches a HD Video Conferencing Endpoint that Fits in the Palm Of Your Hand](#)



*Pixavi today officially launched its new Xcore 6000 series of wireless High Definition video communication codecs, designed and optimized to help companies and organizations achieve considerable cost savings and efficiency improvements. The product has built in HD interoperability towards systems from Tandberg, Polycom, Lifesize, Radvision, Cisco and Sony. Being highly compact and battery powered, it features a control button interface, LCD panel and touch screen all contained in a very compact device. The new and affordable Xcore 6000 series product line is available immediately and shipping today.*

## Telepresence People

[Paul Gullet has been appointed Global Sales Director at Snell](#)

## Telepresence Industry Professionals



[Telepresence Industry Professionals \(TIP\)](#) is our telepresence industry association on Linked In which is now over 960+ members! We like to call it "*the telepresence industry's cool kids club*" because so many of our favorite folks are on-board. The group is a superb venue for discussion, networking, and industry news and information. There is a Jobs board for organizations looking for talent and for folks that are in the market for their next gig.

New and Notable Members this month include: Bryan Hellard, President @ [Hellard Design](#), Yoav Nativ – Regional Sales Director @RadVision, Lynn Claudy - Sr VP, Science & Technology at NAB, Paul Doo - CEO at Telemerge Canada Inc.,



## Telepresence Industry Jobs

[NineSigma is representing a, a multi-billion dollar electronic device manufacturer, is seeking experts in advanced NAT \(Network Address Translation\) traversal technology based on SIP \(Session Initiation Protocol\) for videoconference systems.](#)

Aaron Roe, Video Services Leader at **Deloitte** is looking for a Video Engineer.

**New Jobs on the Telepresence Industry Professional Job Board –**

[Director of Sales, Eastern US - LifeSize Communications – New York City](#)

[Polycom is Hiring over a Dozen Engineers and Account Managers](#)

[Polycom is Hiring Major Account Managers in Amsterdam, Netherlands. And Belgium, Brussels](#)



## On The Bench

*A Breakdown of Industry Talent in the Market for their Next Opportunity*

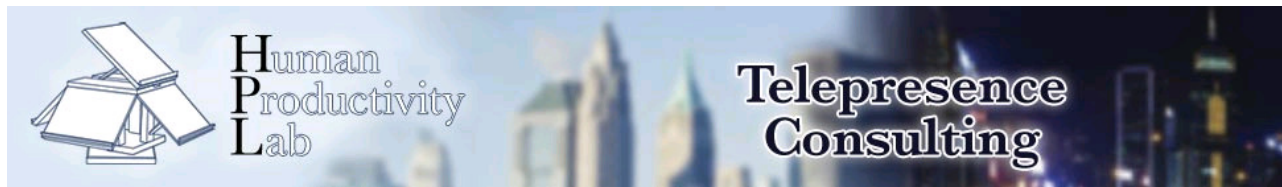
[Kent Lowell](#) – Los Angeles, CA – Expertise is in creating and leading new ventures, business development, new service creation; I was VP and GM of video business unit for BT; created industry first voice over IP services, managed video services, industry first B2B service with Cisco at BT

[George Astacio](#) – Northern Virginia / Washington, D.C. – George is a triple threat player with experience in business development, technical marketing, and was Director of Sales Engineering and Sales Operations at Ultra DNS & DIGEX.

[Dennis Murphy](#) – New York City – Dennis is a former EVP at AVI/SPL with expertise in Visual Collaboration, Managed Services and the financial industry as a former VP at Goldman Sachs.

[Randy Biesel](#), CVE – Texas – Randy is a Sales Engineer with 10 years experience in Polycom and Cisco solutions.

This issue of the *Telepresence Options Telegraph* is sponsored by The Human Productivity Lab



The **Human Productivity Lab** is the world's leading independent telepresence analyst, research and consulting firm serving global Fortune 5000 corporations across a broad range of industry sectors including financial institutions, multinational telecommunication providers, manufacturers, and energy companies among others. The Lab was founded in 2005 by Howard S. Lichtman, a productivity-focused technologist who advises organizations of all sizes on how to successfully deploy telepresence solutions to enhance internal and external communications, reduce costs and improve environmental responsibility while increasing organizational productivity and bottom line revenue. On the vendor side, the Lab works directly with both established technology brands and emerging companies entering the telepresence industry, including many video conferencing, collaboration and wireless communication manufacturers, distributors, networks and managed service providers, to develop and implement product specifications, business strategies, distribution channels, sales training and creative marketing programs.

<http://www.HumanProductivityLab.com/consulting>

## About *Telepresence Options*



*Telepresence Options* follows telepresence, telepresence technologies, and the companies that make up the telepresence industry. We profile new telepresence systems, telepresence managed service providers, and telepresence inter-networking solutions. Telepresence Options content is available for free on the internet and The **Telepresence Options 2009 Yearbook** will be published in hard copy in fall of 2009. The **Telepresence Options 2009 Yearbook** is the second in the series of *Telepresence Options* surveys and is the most recent update to [\*Telepresence, Effective Visual Collaboration, and the Future of Global Business at the Speed of Light\*](#) the most widely read publication on telepresence ever.

## The Solution Snapshot Catalog

The Solution Snapshot Catalog is our comprehensive and intelligently organized On-Line Catalog of the leading Telepresence systems, managed service providers, and inter-networking solutions available anywhere. You can start with our comprehensive overview of the various [Telepresence Options](#) and then drill down to evaluate telepresence solutions in various intelligently organized categories.



Telepresence Conferencing - [On-Stage Telepresence & Telepresence Podiums](#)

Telepresence Conferencing - [Group Systems](#)

Telepresence Conferencing - [Large Group / Classroom](#)

Telepresence Conferencing - [Small Group Systems](#)

Telepresence Conferencing - [Executive Systems](#)

[Telepresence Managed Service Providers](#)

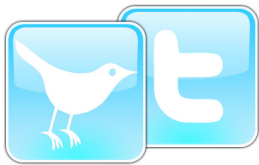
[Telepresence Inter-Networking Solutions](#)

[Telepresence Video Infrastructure, CODEC, Display, and Peripheral Manufacturers](#)

[Telepresence Resellers and Systems Integrators](#)

[Telepresence Consultants](#)

## ***Telepresence Options* is now on Twitter and Facebook!**



*Telepresence Options'* readers have been asking me for some time why we are not on Twitter. The answer is that, as a productivity-facing technologist, I can't for the life of me figure out why anyone would ever use Twitter. The signal-to-noise ratio is insane BUT we are all about giving the people what they want so if Twitter is your thing then you can follow the latest and greatest in telepresence via Twitter. We have **over 1000+ Followers!**

<http://twitter.com/TelepresenceVTC>

## **Interested in Sponsoring the *Telepresence Options Telegraph* or *Telepresence Options*?**



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*Telepresence Options* is the #1 Website on the Internet following telepresence, telepresence managed services, and inter-networking telepresence. The site attracts over 24,000+ unique visitors per month and represents the largest identifiable audience in the world interested in telepresence, telepresence managed services, and inter-networking telepresence. The *Telepresence Telegraph* is published occasionally and has over 2,700+ subscribers. Please contact [Info@TelepresenceOptions.com](mailto:Info@TelepresenceOptions.com) for sponsorship info.



Although the Human Productivity Lab embraces the advances in individual and organizational productivity made possible by telepresence and effective visual collaboration, our mission is guided by an overarching respect for human values and interests.

While **Productivity** is our **Middle Name** we always put the ***Human*** First.

- **Howard S. Lichtman**