



Cisco Competitive Update

October 2009

Competitive Overview - Cisco

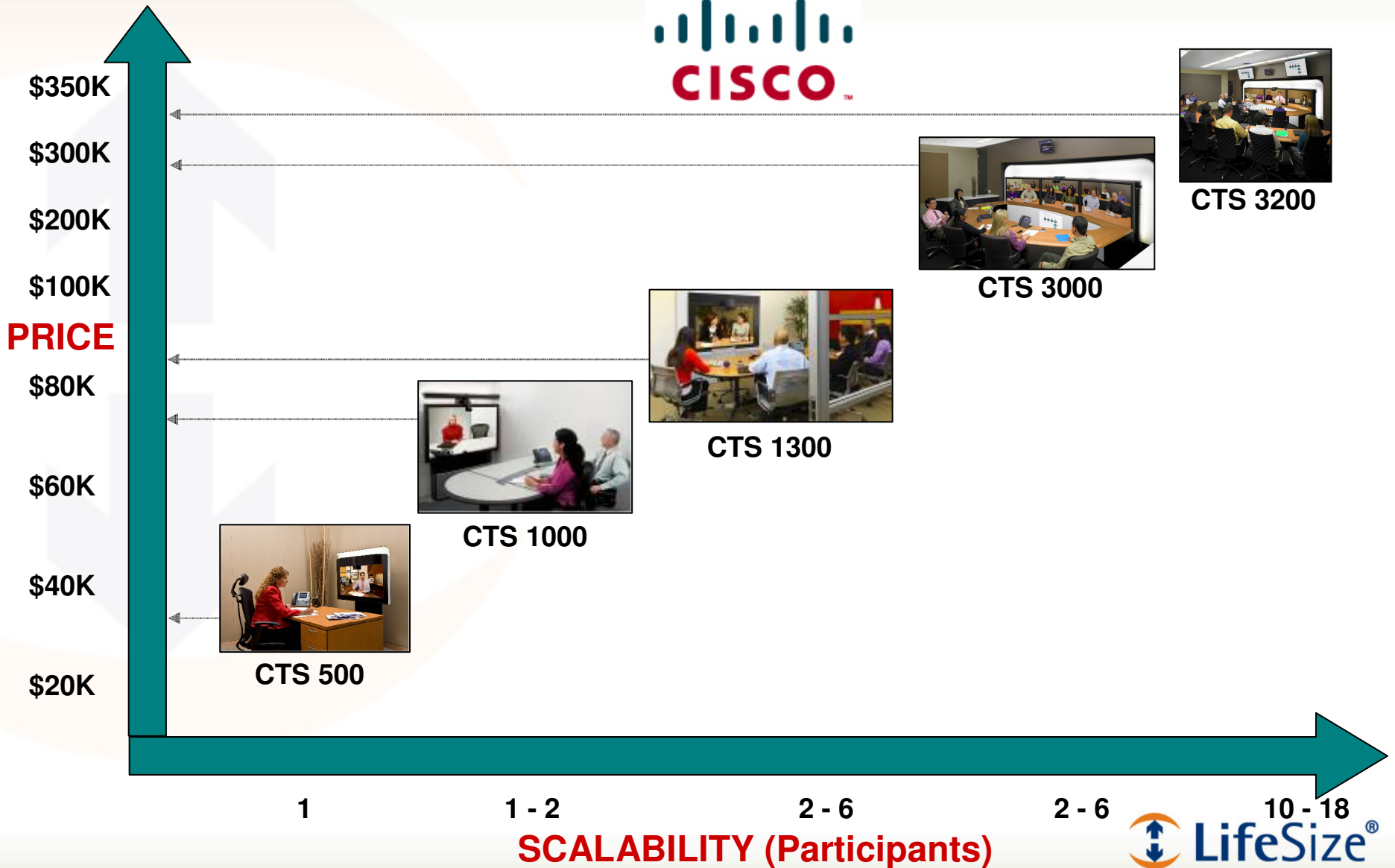
- Cisco TelePresence is expensive alternative to LifeSize with limited scale
- Customers must buy multiple Cisco solutions to reap full benefits with limited, expensive options for interoperability
- Cisco TelePresence is not scalable across entire Enterprise or SMB market



Cisco TelePresence Systems (CTS)

Cisco Video End Point	LifeSize Equivalent
<ul style="list-style-type: none">→ CTS 500→ CTS 1000→ CTS 1300→ CTS 3000→ CTS 3200	<ul style="list-style-type: none">→ Express 220→ Express 220→ Conference 200→ Conference 200→ Conference 200

Cisco TPS End Point Product Line



Cisco Telepresence System 500

- Solution
 - Telepresence system designed for one or two people in a private office
- Features
 - Single 37" HD Display and single HD camera
 - Dual video support via main screen or second monitor (additional cost)
 - Configurable options: Wall-mount, Stand or Table-top
 - Support for HD video - 1080p30/720p30 using SIP and H.264
 - Support for HD audio - CD quality audio using AAC-LD or G.711
 - Bandwidth requirements (QoS recommended):
 - 1080p30 3 – 4 Mbps
 - 720p30 2 – 3 Mbps
 - Bandwidth: TelePresence Extended Reach
 - Allows 720p calls at 1.5 Mbps using constrained bandwidth options
- Near end participant view is 1/3 life-size of the far end participants on 37" display
- Inflexible design, expensive for personal use
- Limited interoperability requires costly upgrades



US MSRP: \$33,900

Cisco Telepresence System 1000

- Solution
 - Telepresence system designed for small group meetings or one-on-one conversations
- Features
 - Single 65" HD Display and single HD camera
 - Dual video support via main screen or second monitor (additional cost)
 - Configurable options: Stand only
 - Support for HD video - 1080p30/720p30 using SIP and H.264
 - Support for HD audio - CD quality audio using AAC-LD or G.711
 - Bandwidth requirements (QoS recommended):
 - 1080p30 3 – 4 Mbps
 - 720p30 2 – 3 Mbps
 - Bandwidth: TelePresence Extended Reach
 - Allows 720p calls at 1.5 Mbps using constrained bandwidth options
- Additional cost for management/infrastructures
- Additional cost for 30 fps dual video
- At MSRP, does not meet customer requirements for affordable, scalable video communications



US MSRP: \$78,900

Cisco Telepresence System 1300

- Solution
 - Telepresence system designed for group meetings in multi-purpose conference rooms
- Features
 - Single 65" HD Display and three HD cameras
 - Dual video support via main screen or second monitor (additional cost)
 - Configurable options: Wall-mount
 - Support for HD video - 1080p30/720p30 using SIP and H.264
 - Support for HD audio - CD quality audio using AAC-LD or G.711
 - Bandwidth requirements (QoS recommended):
 - 1080p30 3 – 4 Mbps
 - 720p30 2 – 3 Mbps
 - Bandwidth: TelePresence Extended Reach
 - Allows 720p calls at 1.5 Mbps using constrained bandwidth options
- Only one camera is active at a time displaying 1-2 participants only
 - Cameras switch using in-room voice activated functionality
- CTS 3000 replacement trying to be more flexible in customer environments
 - Limited interoperability requires costly upgrades



US MSRP: \$89,000



Cisco Telepresence System 3000

- Solution
 - Telepresence system designed for group meetings in standard purpose conference rooms
- Features
 - Three 65" HD Displays / Three HD cameras
 - Dual video support via third display (requires dedicated codec for 30 fps)
 - Set room configuration – no options
 - Support for HD video - 1080p30/720p30 using SIP and H.264
 - Support for HD audio - CD quality audio using AAC-LD or G.711
 - Bandwidth requirements (QoS recommended):
 - 1080p30 9 – 12 Mbps
 - 720p30 3 – 9 Mbps
- Original TP system – very inflexible in design, cost and interop
- For best bandwidth quality – Cisco highly recommends use on a QoS enabled network (additional cost)



US MSRP: \$299,000



Cisco Telepresence System 3200

- Solution
 - Telepresence system designed for large group meetings of up to 18 participants per room
- Features
 - Three 65" HD Display and three HD cameras
 - Dual video support via three smaller screens below and above primary displays
 - Set room configuration – no options
 - Support for HD video - 1080p30/720p30 using SIP and H.264
 - Support for HD audio - CD quality audio using AAC-LD or G.711
 - Bandwidth requirements (QoS recommended):
 - 1080p30 15.3 Mbps (best motion handling)
 - 720p30 11.7 Mps (best motion handling)
 - When including a 30 fps presentation codec
 - 1080p30 19.8 Mbps
 - 720p30 16.2 Mbps
- Functionally identical to CTS 3000 with larger seating capacity (i.e. 40K for table and chairs)



US MSRP: \$340,000

Cisco Product Line Value

CTS 500	CTS 1000	CTS 1300	CTS 3000	CTS 3200
High Definition Video Quality 1080p30/720p30 H.264 High Quality Audio AAC-LD/Spatial Bandwidth 1080p30 @ 3-4Mbps 720p30 @ 2-3Mbps				
1 Seat Single 37" Display Single Camera Office	2 Seats Single 50" Display Single Camera Office/Small Room	2-6 Seats Single 65" Display Three Cameras (1 active camera) General-Purpose Meeting Room	2-6 Seat Three 65" Displays Three Cameras (3 active cameras) TelePresence Meeting Room	6-18 Seats Single 37" Display Three Cameras (3 active cameras) Distance Learning/ Training Room
\$33,900	\$78,900	\$89,900	\$299,000	\$340,000



LifeSize Conference 200

- LifeSize offers telepresence in True and Full High Definition solutions
 - ➔ LifeSize Conference 200 – New Full HD 1080p30/720p60 multi-monitor solution
 - ➔ LifeSize Conference – Original True HD 720p30 multi-monitor solution
- LifeSize newest Telepresence solution offers customers full richness or best motion handling available
 - ➔ Support for both Full HD at 1920x1080p @ 30 fps or True HD at 1280x720p @ 60 fps
- Features:
 - ➔ Standards-based: Video - H.323/SIP (H.264) Audio – AAC-LC wideband
 - ➔ Best bandwidth performance: 1080p30 @ 5.1 Mbps/720p60 @3.3 Mbps/720p30 @ 2.3 Mbps
 - ➔ Maximum bandwidth: 18 Mbps (1080p30)
 - ➔ Seating: 6 seats
 - ➔ Codecs: 3 x LifeSize Room 200 codecs
 - ➔ Cameras: 3 x LifeSize Camera 200
 - ➔ Video Monitors: 3 x 65" displays
 - ➔ Content Monitors: 1 x 50" display
 - ➔ Management: Touch Panel System
- MSRP (US)*
 - ➔ Conference 200 - \$49,999
 - ➔ Conference - \$39,999



* MSRP LifeSize to Integrator. Cost to customer \$80,000 approximation based on decor and budget per location



LifeSize® Express™ 220

- LifeSize newest full high definition offers customers highest resolution with best motion handling available
 - Support for both 1080p 30 fps or 720p @ 60 fps
 - Highest available resolution 1080p30
 - Best motion handling and ½ the latency with 720p60
- Features:
 - Standards-based:
 - Video - H.323/SIP (H.264)
 - Audio – AAC-LC wideband
 - Best bandwidth performance:
 - 1080p30 @ 1.7 Mbps
 - 720p60 @1.1 Mbps
 - 720p30 @ 768 Kbps
 - Dual 720p30 @ 1.5 Mbps
- MSRP (US)
 - \$6,999



Video System Comparison Chart

	Express 220	CTS 1000	CTS 1300
Video Modes 1920x1080p at 30fps (1080p30)	Yes	Yes	Yes
1280x720p at 60fps (720p60)	Yes	No	No
Dual Stream 1280x720p at 30fps	Yes	No	No
Bandwidth Efficiency 1080p30	1.7 Mbps	3 - 4 Mbps	3 - 4 Mbps
720p30	768 Kbps	1.5 - 3 Mbps	1.5 - 3 Mbps
Performance at 768 Kbps	1280x720p 30fps	N/A	N/A
Custom Layouts for Each Participant	Yes	No	No
HD Multi-camera	Yes	No	Yes
HD Multi-Display	Yes	No	No
MSRP - Hardware	\$6,999	\$78,900	\$89,900

* LifeSize Integrator MSRP / ASP to customer \$80,000



Telepresence Comparison Chart

	LifeSize Conference 200	Cisco CTS 3000
Video Quality	1080p30, 720p60, 720p30	1080p30, 720p30
Audio Quality	G.711, G.722, G.722.1 (Siren 14), G.728, G.729, AAC-LC	G.711, AAC-LD
Bandwidth	1080p30: 6Mbps 720p60: 4 Mbps 720p30: 3 Mbps	1080p30: 9 -12 Mbps n/a 720p30: 3 - 9 Mbps
Video Displays	3 65" LCD/Plasmas	3 65" Plasmas
Content Displays	1 x 50" LCD/Plasma	1 x 50" Plasma
Seating Capacity	6	6
Interoperable	Yes	External
Multipoint	No	External
Room Controls	AMX Touch Panel	Touch Panel/Phone
Product Price	\$49,999*	\$299,000
Service Price	\$3,500/Year (Maintenance)	\$20,000/Year (Maintenance)

Personal Telepresence

Cisco CTS 500



US MSRP: \$33,900

LifeSize Passport



US MSRP: \$2,499

- LifeSize enables broad, flexible video networks with the highest quality of experience
- Enable one user with TelePresence or 14 with LifeSize Passport!



Cisco TelePresence Portfolio

- **Infrastructure**

- Cisco TelePresence Multipoint Switch
- Cisco TelePresence Recording Studio
- Cisco Unified Videoconferencing MCU

- **Management**

- Cisco TelePresence Manager
- Cisco TelePresence Event Controls
- Cisco TelePresence Extended Reach/Auto Collaborate

- **Integration**

- Cisco Unified Communications
- Cisco Unified Contact Center
- Cisco WebEx



Infrastructure

Cisco TelePresence Multipoint Switch	Cisco Telepresence Recording Server	Cisco Unified Videoconferencing MCU
<ul style="list-style-type: none"> • Capacity <ul style="list-style-type: none"> - 48 single screen systems - 16 triple screen systems • Voice Activated Switching <ul style="list-style-type: none"> - Site (all three screens change) - Segment (individual screen change) - Sub 10ms switching • Video - 1080p30/720p30 • Audio - AAC-LD • Dual Video support • Hardware Requirements <ul style="list-style-type: none"> - Cisco MCS 7845 • MSRP <ul style="list-style-type: none"> - Software: \$75K - Hardware: \$15K 	<ul style="list-style-type: none"> • One touch activation via IP Phone <ul style="list-style-type: none"> - Recording controls via phone • Recording <ul style="list-style-type: none"> - HD quality for CTS playback - SD (CIF) for standard browser • Playback <ul style="list-style-type: none"> - Cisco TelePresence System - Standard Browser-based Player • Scalability <ul style="list-style-type: none"> - Up to 24 simultaneous sessions • Storage <ul style="list-style-type: none"> - Up to 300 hours (1080p or CIF) • Hardware Requirements <ul style="list-style-type: none"> - Cisco MCS 7845 • MSRP <ul style="list-style-type: none"> - Software: \$100K (NTE) - Hardware: \$15K 	<ul style="list-style-type: none"> • Used in combination with Cisco TP Multipoint Switch • Maintains HD quality for CTS users • Reduces quality for HD/SD video systems joining CTS meeting • Cisco videoconferencing hardware is Radvision OEM <ul style="list-style-type: none"> - Cisco offers limited video interop (CIF) - Limited audio interop (G.711) • Cisco maintains interop does not validate videoconferencing market <ul style="list-style-type: none"> - Assert that user frustration with video conferencing will justify the Cisco Telepresence pricing • Hardware Requirements <ul style="list-style-type: none"> - Cisco UV MCU 3500 series • Hardware MSRP: <ul style="list-style-type: none"> - \$30K for 12 port - \$50K for 24 port - \$100K for 48 port • Cisco has no direct interop with standards-based HD or SD video systems • Nor is it interoperable with other MCUs <ul style="list-style-type: none"> - Radvision, Polycom, Tandberg



Management

Cisco Telepresence Manager	Cisco TelePresence Events Controls	Cisco TelePresence Extended Reach/Auto Collaborate
<ul style="list-style-type: none"> • Provides scheduling, management, and reporting functions • Integrated with Cisco IP Phone <ul style="list-style-type: none"> - Requires Cisco Unified Communications Manager • Integrated with Lotus Notes or Microsoft Exchange <ul style="list-style-type: none"> - This is a requirement! No web interface is provided • Requires separate MCS server <ul style="list-style-type: none"> - Cannot be co-resident with other apps • Requires Device Licenses <ul style="list-style-type: none"> - 50 and 100 units packs • Hardware Requirements <ul style="list-style-type: none"> - Cisco MCS 7845 • MSRP <ul style="list-style-type: none"> - Software: ~ \$1K per device license - Hardware: \$15K 	<ul style="list-style-type: none"> • Application provides event manager tools • Allows CTS video systems to be used as source for events • Managed through PC browser • Integration with standard television broadcast studios • Streaming can be enabled through Cisco MXE 3000 <ul style="list-style-type: none"> - Additional cost ~ \$65K • Requires Cisco TelePresence Multipoint Switch <ul style="list-style-type: none"> - Additional cost ~ \$75K • Standard feature to be applied to Cisco Telepresence solution 	<p>Extended Reach</p> <ul style="list-style-type: none"> • Offers 720p30 at lower bandwidths • Offers range between 1.5 Mbps to 2.0 Mbps • Maintains 30 fps • Extends TP reach into edge network offices <p>Software upgrade to CTS</p> <ul style="list-style-type: none"> - Available Summer 2009 <p>Auto Collaborate</p> <ul style="list-style-type: none"> • Plug and play CTS feature • Allows user to plug in PC or Doc Camera and instantly send image to far end • Similar to LifeSize "Auto Start Presentation" feature



Integration

Cisco Unified Communications CallManager	Cisco Unified Contact Center	Cisco WebEx
<ul style="list-style-type: none"> • Provides call control, scalability and reports for CTS video systems • Allows Cisco IP Phone integration into TelePresence solutions • Hardware Requirements <ul style="list-style-type: none"> - Cisco MCS 7845 • MSRP <ul style="list-style-type: none"> - Software: ~ \$XXK per device license - Hardware: \$15K 	<ul style="list-style-type: none"> • Integrates video into Telepresence and customer solutions • Additional Cisco solution providing: <ul style="list-style-type: none"> - Cisco Expert on Demand - Cisco TelePresence Virtual Agent • Hardware Requirements <ul style="list-style-type: none"> - Cisco MCS 7845 • Additional Cost <ul style="list-style-type: none"> - Software: Cisco Unified Contact Center - Hardware: MCS Server 	<ul style="list-style-type: none"> • Extends collaborative solutions into Telepresence environment • Extends high quality video into collaborative environment • Cisco WebEx Meeting Center allows up to 6 video participants using any device that connects to Cisco Unified Video Conferencing to be displayed • Additional hardware required

- Summary
 - ➔ Cisco provides integration with multiple Cisco applications
 - ➔ Customers should be aware of solution undertow where all benefits require additional Cisco products with additional costs
 - ➔ Cisco's inability to maintain the highest quality interoperability with third parties limits value their approach



Cisco Selling Tactics

Tactic 1: Cisco uses corporate strength to sell telepresence to executive level decision-makers

Response:

- By using Cisco's corporate marketing engine and targeting its message to executive decision-makers, Cisco has access to most Fortune 1000 companies
- Cisco's key focus is competing with network manufacturers. It uses applications to differentiate and drive value back to the network. This can be seen with their new "MediaNet" strategy which focuses on managing video across network
- Cisco's strength works in LifeSize's favor. Each marketing campaign and customer meeting helps to educate customers on the value of HD video communication. Customers look for alternatives to Cisco's expensive and proprietary Telepresence portfolio.



Cisco Selling Tactics

Tactic 2: Cisco continues to introduce new, lower-cost telepresence systems

Response:

- Since introducing the CTS 3000, Cisco has released the CTS 3200, CTS 1000 and CTS 500 and now the CTS 1300. Each system has the same trademarks as Cisco's original telepresence solution – they are proprietary and costly. LifeSize provides multiple alternative with quality, flexibility and price/performance second to none.
- Customers should avoid locking into Cisco's telepresence solution for several reasons. Call control requires the Cisco CallManager and interoperability requires expensive Cisco gateways. These reduce quality and increase the cost.

Cisco Weaknesses

- Customers like the quality and simplicity of Cisco's Telepresence solutions. What they don't like is the cost. From the single screen (CTS 500/1000) to the multiple screens (CTS 3000/3200), total cost of ownership for the systems, network and services is difficult to justify. Customers are looking for similar quality and ease of use at a reasonable cost.
- Customers do not like to be locked into proprietary solutions. Cisco built their telepresence solution as an island. It requires Cisco CallManager for call setup, and an expensive Cisco gateways for limited interoperability.
- Cisco gets the customer's attention with expensive marketing campaigns and leverages their executive relationships to push Cisco Telepresence. This has a positive impact promoting video communications as a whole. As a result, many Cisco customers look to LifeSize as an alternative solution that provides exceptional quality and flexibility, but also is affordable.
- Cisco sells most products through data warehouses (CDW, Tech Data) versus value add resellers dedicated to video applications. Cisco Telepresence has been tightly wrapped to minimize reseller interference. This limits reseller value and restrict customer flexibility choosing a flexible design for their business.



LifeSize Key Selling Points

Experience

- All LifeSize products support true High Definition video and high-quality, wideband audio for an immersive experience without compromise:
 - LifeSize Room 200
 - Full HD 1920x1080p30
 - True HD 1280x720p60
 - All LifeSize Video Systems
 - True HD 1280x720p30

Flexibility

- Provides the highest quality at any bandwidth
 - 1920x1080p30 performance at only 1.7 Mbps on Room 200
 - 1280x720p60 performance at only 1.1 Mbps on Room 200
 - 1280x720p30 performance at only 768 Kbps on Room 200
 - 60 fps decode on Team 200 and Express 200
 - 30 fps supported at all resolutions on all systems for exceptional motion handling

Price/Performance

- LifeSize systems deliver the best price performance for any environment
- LifeSize provides High Definition as standard feature on all video systems
- With LifeSize there are no hidden costs. All available features provided as part of the product's standard configuration



Cisco Conclusions

- Customers do not like to be locked into proprietary solutions. Cisco built their telepresence solution as an island. It requires Cisco CallManager and expensive gateways for interop
 - Pre and post Tandberg acquisition, capitalize on customers that prefer a best of breed approach or who have an ABC (“Anything But Cisco”) view
- LifeSize compares favorability in terms of endpoints and increasingly in infrastructure and management
 - All LifeSize products support High Definition video and high-quality, wideband audio for an immersive experience without compromise:
 - Provides the highest quality at any bandwidth
 - LifeSize systems deliver the best price performance for any environment
 - With LifeSize there are no hidden costs. All available features provided as part of the product’s standard configuration
- Capitalize on the product line and support uncertainty of the acquisition
 - Cisco’s products are likely to be replaced by Tandberg technology. So what do customers buy today?

