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Austin companies making mark in video conferencing industry

Austin Business Journal - by [Christopher Calnan](#) ABJ Staff

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Austin-area companies are developing technologies designed to enable business people to conduct high-definition electronic meetings and training sessions over the Internet rather than conventional video conferencing over more expensive telephone lines.

And although the economic downturn combined with rising fuel costs hasn't produced a windfall for the businesses, the conditions, coupled with improved Web-based technology, are providing a steady stream of customers.

The latest to get into the video conferencing game, Vyopta Inc., is a software maker founded by three entrepreneurs who plan to raise financing to expand the software portion of the business in coming years. Cedar Park-based Service Tech Inc., an audiovisual system reseller, has seen the demand for conferencing equipment quadruple during the last five years.

And LifeSize Communications Inc., founded in 2003, has attracted 5,000 customers while competing with industry giants such as Cisco Systems Inc. (Nasdaq: CSCO).

"The demand for our product has remained very strong," LifeSize CEO Craig Malloy says. "There's a certain payback for that [investment], which could be [worth] one or two business trips."

Jeff Kagan, an Atlanta-based telecommunications consultant, says he's predicted wider adoption of electronic conferencing for several years, but it has yet to totally catch on with businesses or consumers. He attributes the reluctance to conferencing to it being an "invasive technology."

"It changes the way we think about connecting," Kagan says. But "we're moving in that direction."

The 250-person LifeSize, which has attracted \$81 million in venture capital, develops hardware and software for conferencing systems. The company is competing with industry giants that include California-based Polycom Inc. (Nasdaq: PLCM) and Norway-based Tandberg ASA (OSL: TAA).

LifeSize's systems cost \$5,000 to \$17,000 each, Malloy says. But wider adoption of voice over Internet protocol, or VoIP, technology is bringing the technology to home offices — a market LifeSize plans to eventually serve also, he says.

The 10-person Vyopta was founded last year after entrepreneurs Alfredo Ramirez,



Nick Simonite
Service Tech President Chris Pearson and his wife Kristina Pearson demonstrate video conferencing technology.

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Andrew Chen and Rick Leung acquired VideoCall Co., an Austin-based company founded in 1991. Ramirez describes Vyopta as a “hybrid” company that combines consulting and aggregating conferencing products with its own software to manage the systems that typically cost \$200,000 to \$250,000.

The company generates about 10 percent of revenue from software and the remainder from services. But Ramirez expects to invert that ratio during the coming years and focus on software.

High-definition technology combined with its potential as a cost-cutting tool has changed the use of electronic conferencing by businesses from a luxury to a necessity, Service Tech President Chris Pearson says.

“The scare of \$4 per gallon for gasoline was a wake-up call,” he says. “It’s a real cost, and it’s a real fear.”

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