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Frost & Sullivan: Asia-Pacific Video Conferencing Market to Grow Strongly as Enterprise Spending Recovers

Sydney, August 11, 2010 -- The Asia-Pacific video conferencing endpoints market is expected to see strong growth with revenues rising at a CAGR (compound annual growth rate) of 13.6 percent till 2016 reaching nearly US$820 million. Unit shipments meanwhile are predicted to grow at a CAGR of 16.3 percent (2009-2016). The ANZ video conferencing endpoints market is also expected to see growth with revenues rising at a CAGR of 16.5 percent till 2016 reaching US$102.5 million.

Spending on video conferencing solutions picked up in the final quarter of 2009 and has shown similar upbeat trends so far in the first half of 2010, notes Frost & Sullivan industry manager Pranabesh Nath. He expects this optimism to continue assuming the economic recovery proceeds as anticipated in most Asia-Pac markets.

Growth of the video conferencing endpoints market dropped sharply to post a modest 5.4 percent on the back of just over US$335 million revenues in 2009, as the global economic slowdown curtailed the spending ability of many enterprises. Growth of the video conferencing endpoints market in ANZ in 2009 stood at 5.7 percent with revenue of US$35.3 million.

The corporate sector saw the sharpest decline in video conferencing investments last year, most notably the banking and finance sector, Nath says, adding that corporate cutbacks however were allayed by a rise in government sector adoption.

New analysis from Frost & Sullivan (http://www.conferencing.frost.com), Asia-Pacific Video Conferencing Endpoints Market, finds that the market - covering 14 Asia-Pac countries, including Japan - will earn estimated revenues of US$367.5 million by the close of 2010, growing 9.5 percentyear-on-year; while shipments will grow by 14.1 percent to 108,434 units. Revenues in 2010 in ANZ are expected at US$39 million, growing 10.6 percent year-on-year.

Spending in the first three quarters of 2009 showed a decline in almost all Asia-Pacific countries, but by end-2009 enough deals were closed to bring the market back from the red, observes Nath.

Throughout 2009, however, the video conferencing endpoints market remained active despite the global recession with new product launches from both emerging and established vendors, he adds. High definition (HD) systems in particular witnessed a flurry of activity, with the continuedpenetration of popular and affordable solutions from leading vendors. As a result, almost all of the units sold in 2009 in the mid- to high-range market were high definition solutions.

Nath expects HD adoption to continue rising through to 2016, even in countries like China and India - where standard definition (SD) systems currently dominate - as unit pricing declines further and customers realise the improved usability experience with HD.

He cautions however that the issue of expensive bandwidth remains, especially for smaller enterprises in emerging countries. As video collaboration for business-to-business communication catches on, he believes that enterprises that have or are in the process of rolling out transnational private Internet protocol (IP) networks should keep future applications, such as video, in mind for their network upgrades.

Pure IP systems are already widely deployed in urban cities of the region. As bandwidth costs continue to decline and become more available beyond these urban areas, we expect pure IP systems to see huge uptake in the mid- to long-term, says Nath.

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