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## With The Increasing Availability Of Bandwidth And The Elimination Of Hardware, Avistar Communications Has Taken Videoconferencing To The Next Level

Communications  
Videoconferencing Technology  
(AVSR-OTCPK)

Avistar Communications Corporation

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**Bob Kirk**  
Chief Executive Officer

### BIO:

Kirk joined Avistar as CEO in July 2009 and is responsible for the company's strategic vision and advancement of its mission and objectives. Fueled by his extensive experience as a successful CEO, Kirk's goal is to ensure the growth of Avistar within the quickly expanding unified communications and videoconferencing industries. Kirk most recently served as the CEO of ChoicePay. Previously to ChoicePay, Kirk served as CEO of VICOR, Inc. where he led VICOR's successful expansion and subsequent sale to Metavante Corporation. He holds an

MBA in Business Management and a Bachelors degree from the West Virginia University.

### Company Profile:

Avistar is an innovation leader in the unified visual communications industry, providing proven business-class desktop videoconferencing technology. Avistar's installations include more than 100,000 committed desktop seats worldwide, bringing together business users anytime and anyplace. Companies such as IBM, LifeSize, Logitech, Polycom and Sony use Avistar technology to power their unified communications solutions. Avistar also works with leading channel partners and resellers including AVI-SPL, CityIS, ESCO, Fontel, Datamart and Jenne in more than 40 countries.

Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com

**CEOCFO:** Mr. Kirk, you have been CEO of Avistar for a short period of time; what attracted you to Avistar?

**Mr. Kirk:** "While I have only been here a short time, I have actually been on the periphery of Avistar for a decade. I was the CEO of a company we refer to as a sister company, but really the only mutuality between the companies is that we share some of its board members and investors. The prior CEO was really an expert in turn-arounds and helped realign Avistar's expenses with our revenue; was ready to move on to his next challenge. This got the board thinking about who would be a good candidate to take the helm and help grow Avistar to the next level. Since I had been an avid Avistar user when I was CEO of the sister company, and because of our shared board members, I had heard various Avistar

stories and opportunities over the years. When I sold that sister company back in 2006, I decided to retire, although a bit naïve on my part, as I am a type-A personality, retirement did not suit me well. Therefore, when the board here at Avistar contacted me to say there was a transition planned, and was asked whether I would be interested in running the company; I was intrigued. My 10-year history with company, board members and the product, and watching the transformation of Avistar from its early days where it really was the provider of proprietary hardware and software, to a pure software company today, made me seriously consider the opportunity to help grow the company to the next level. And here I am today."

**CEOCFO:** What is the vision today, and how are you getting there?

**Mr. Kirk:** "The vision is interesting. Avistar started back in the early 1990's with a different paradigm than people traditionally think about video. Prior to my succession of the sister company and my involvement with Avistar, video was always seen as a room-based paradigm. Avistar broke that mold and changed the paradigm to say that it is not just when four or five people are in a conference room that there is need for video. It is also a desktop experience that measurably changes the way people work together - whether it is in the same building, across the country or across the globe. Those early days, however, required proprietary hardware to deliver the video compression that was necessary to achieve television quality video. However, at that time, the processing power of the average PC was inadequate to deliver this video experience. Frankly, the availability of bandwidth was also a concern. In those early days, a video only worked well within an enterprise, meaning within its

own network constraint. Over the years, Avistar has seen considerable progress. We eliminated all of the proprietary hardware components because the processing power of the average desktop and laptop computer has improved measurably. The proprietary hardware necessary for coding and decoding video and audio signals is no longer necessary; it can be done in software on the PC itself. Therefore, the elimination of that hardware component allows Avistar to pursue all the things possible within software without requiring a purchaser to make a deep financial commitment to any proprietary hardware.

Additionally, video has been able to ride the increase in the general availability of bandwidth, but the software product can now span more than just within an enterprise or within the confines of its network. It can literally traverse the entire Internet to go around the country and across the globe. The vision for Avistar is now to expand upon this. In our early days, we had a vision that the singular path to glory was the Avistar-branded desktop experience, meaning our software and our proprietary hardware all running on a desktop computer. The innovations in technology and bandwidth now enable us to do it a bit differently. We are able not only to continue to sell our Avistar brand and desktop experience, but also to integrate and monetize our technology to sell portions of our software technology to be embedded in other solutions. So rather than having 100 percent of a small pie, we may be talking 10 percent or 20 percent or even 30 percent of a larger pie. A great example is IBM. We have integrated our technology components inside the IBM Unified Collaboration Platform to span everything from audio, video, instant messaging, email, what have you. Soon every IBM collaboration platform will have embedded Avistar's technology. It will not have the Avistar logo, but an IBM solution nonetheless. For once, we actually have a two-pronged strategy of dealing with the branded desktop experience

with 100 percent of our technology and a component strategy where we are embedding our technology. There are several other corporate household names working with us to embed our technology into their products. Having this two-fold strategy has given us a substantial increase in market potential."

**CEOCFO:** What is the competitive landscape like for Avistar?

**Mr. Kirk:** "I would put it two-fold. There are room systems vendors, folks out there selling the room experience, one conference room to another conference room, which tend to be rather expensive systems, not necessarily solve or give tools to an enterprise to really bring the

**"Corporate America is looking at the whole idea of unified communications and how video is a very solid component in that. Our strategy of attacking through all channels, a direct product as well as an integrated product with a multitude of other vendors, aligns Avistar nicely not only to get 100 percent of the small pie - the Avistar branded experience, but also a sizeable percentage of a much larger pie of companies that have true unified communications products. I think an investor would now look at Avistar and think we have probably hit the sweet spot. While we realize now that we probably never had the marketing muscle to go it alone, now we won't have to, as our technology licensing partners have the capability to deliver to millions of people." - Bob Kirk**

true value of distributed and ubiquitous video. That is why we have built a gateway product to allow our Avistar C3™ video solutions to interact with any room systems. For example, there could be two room systems in a conversation, and someone has a question for a person sitting at their desk. With one click of the mouse, they can add this other person into their video conversation, or that same person can in effect dial into that conference room responding to their question. We do have room system vendors that seemingly would be competitors, although we are becoming partners with a number of them now, since they recognize the need for a desktop component to complement their room-based strategy. The advantages of cracking the

video nut have required a lot of work, and many of our room and desktop competitors have only been at it for a couple years. We have been doing it for more than 15 years. We started with analog video, made the jump to digital video and along the way learned many lessons to build our products to deal with various issues, such as bandwidth management, prioritizing certain types of calls over other call uses based on the capacity of a particular network, which makes our component strategy so successful for us. Many other video companies realize that while they can go build their own answers to these challenges, it may take them years and millions of dollars to do it, where we are willing to sell them the integrated components now.

As for consumer products, the good news is they expand the story for the value of video; the bad news is they are delivering less than adequate video quality. Home users go to work and if they have had a bad experience with a free video product, they will turn up their nose at the thought of enterprise video. Our competition in that sense is not free because they are proving a less than adequate video experience. In contrast, we provide a broadcast-quality video experience, so it is more of a business solution. We end up having to fight the battle of "you get what you pay for" and business-class videoconferencing

is not that same inferior experience a home user gets for free."

**CEOCFO:** How has Avistar fared in the current economy?

**Mr. Kirk:** "We have done well. I think anyone could wish for a better economy and a better sales picture. I have never uttered the words in any company that we do not want any more business, so there is always room for growth. Given the diversification of our business development strategy to where it is not just singularly based on the branded Avistar C3 Desktop solutions, we actually find ourselves in a somewhat enviable position in that we have more opportunities than we have resources. We are busy looking

across the organization for resources to handle all of the revenue opportunities that we have. Some of those opportunities are in the short- to intermediate-term and we are going to be able to address them, but it is challenging us to come up with the resources necessary to deliver against all the opportunities that we have. I give a lot of credit to what we call our 'technology licensing' strategy, where we license certain components to other video-enabled applications. This allows others to offer the same quality of experience that Avistar has typically delivered in its complete product, delivering that same experience embedded within their more broad application."

**CEOCFO:** Do you tend to get customers who are new to the videoconferencing area or people who are looking to upgrade?

**Mr. Kirk:** "We have both. We have a very healthy stable of what I will call our legacy customers. Some have been with us for a decade or more and gone from the proprietary base to the more open-standard-based video that we have today. They have arrived full-circle, from an analog video experience to a digital one, from one that required them to maintain an internal network, to one that traverses the Internet, is able to work through firewalls, and is very standards-based. Therefore, we have that very reliable set of legacy customers who buy seats from us in the thousands. That has been and continues to be very rewarding.

Additionally, given our component strategy, we are seeing a huge increase in the number of partners who are using video for the first time. The line that we jokingly use around here is, 'It has only taken us a dozen years to be an overnight success'. Companies such as IBM and

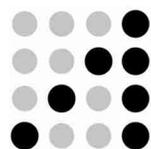
our other technology-licensed partners have built unified communications products, integrating video, audio, instant messaging, and email, in all forms of enterprise communications. They have realized video is not that easy to do on their own, but they can license from a company that has actually been through it all. I think every one of them has taken the position that now is the time to invest, so when the economy turns their product not only delivers a high quality video experience, but also allows their enterprise customers to reduce overall cost of unifying their communications systems. We are pleasantly surprised at the circumstances, but again I don't think there is a CEO around who doesn't wish that things were better and faster given the current economic conditions."

**CEOCFO:** What is the financial picture like at Avistar?

**Mr. Kirk:** "We are a publicly traded company. We had the opportunity to do an IPO back in 2000. The good news is we are a public company, the bad news is video was pretty much ahead of its time nine years ago when we came out with products. Therefore, the initial expectations and sales price of our IPO has not necessarily matched the results over the years. Now we are in a position where the company is approaching profitability. Being one of the last companies to do an IPO in the Bay Area before the tech bubble burst, it has been a challenge, well before me, but one we have managed to weather, applying unique financing solutions that have allowed us to live to fight another day. Our prospects have improved greatly with our evolved view of the world as far as licensing versus the total desktop."

**CEOCFO:** In closing, why should potential investors look at Avistar Communications?

**Mr. Kirk:** "The idea of it taking a dozen years to be an overnight success, while that has been challenging for many of our original investors, is really proof that videoconferencing has come of age. Businesses today are looking for a multitude of avenues. They want to save on operational costs; they attempt to cut back on travel. Many executives want to talk about their green initiatives, and yet put executives on a three-hour flight for a one-hour meeting. All of those things are converging right now, to the point where technology has advanced, bandwidth is available and video is at an equivalent level as sitting across from someone. Video is becoming a much more clear solution to corporations. Because of the inexpensiveness of bandwidth, they are looking at 'How do we unify our communications?' Corporate America is looking at the whole idea of unified communications and how video is a very solid component in that. Our strategy of attacking through all channels, a direct product as well as an integrated product with a multitude of other vendors, aligns Avistar nicely not only to get 100 percent of the small pie - the Avistar branded experience, but also a sizeable percentage of a much larger pie of companies that have true unified communications products. I think an investor would now look at Avistar and think we have probably hit the sweet spot. While we realize now that we probably never had the marketing muscle to go it alone, now we won't have to, as our technology licensing partners have the capability to deliver to millions of people."



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