

Transition to Software Based VRS

Lower Cost and Improved Competition

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Agenda

- Current state of video phones in VRS market
- Current state and trends for video phones in the private market
- Trends for soft video phones for VRS market
- Trends for soft video phones in private market
- Advantage of standard VRS software
- Three year transition to soft video phone
- Cost Savings



Current State of Video Phones in VRS Market

Only two providers actively market video phones:

CSDVRS:



Z-150



Z-20



Z-OJO



Z-340

Sorenson:



VP-200



N-Touch



Purple P3 software

Other providers use devices provided by Sorenson and Z



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Current State & Trends for Video Phones in Private Market

- Cisco has informed the market that personal video phone line has been end of life
- Polycom has also informed the market that personal video phone line has been end of life
- Cisco is moving the market to a device based soft video phone – Jabber
- WorldGate OJO defunct
- Creative discontinued personal VP



Trends for Soft Video Phones for VRS Market

Five providers now offer soft video phones

Provider	Product	Platform
CSDVRS	Z4	PC, Mac, iPad, iPhone, Android Smartphone and tablet
Sorenson	N-Touch	PC, iPad, iPhone, Android Smartphone and tablet
Convo	Convo Mobile Convo Desktop	PC, Mac, iPad, iPhone, Android Smartphone and tablet
Purple	Purple VRS	PC, Mac, iPad, iPhone, Android Smartphone and tablet
SNAP	Various	Nextalk for PC, FaceTime for iPhone and iPad, Android Smartphone and tablet



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Trends for Soft Video Phones in Private Market

- Cisco soft video phone is Jabber (software)
- Part of a unified Communication suite



Thin Client



iPad



PC



Smartphones



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Advantage of Standard VRS Software

- Interoperability through standard functionality
- Reduced cost
 - Eliminate hardware
 - Reduced Outreach, Sales and Support costs
- Competitive market
 - Based on Interpreter Quality not Video Phone
- Critical decisions required on how much development is allowed



Three year Transition to Soft Video Phone

iPad

- The new PC
- 70M purchased in 2012¹
- iPad 2 is \$399



Android

- Competitive device
- 37M purchased in 2012¹
- Galaxy Tab 7.7 is \$250



Microsoft Surface

- Just Released
- Potential competitor



\$400 stipend will cause movement...and the future could be very different

1 - Apple is expected to be responsible for nearly two-thirds of the 107.4 million tablet computers units research firm IDC expects to be shipped this year



Google and Apple TV

- Other actions are occurring
 - Google Hangout with VRS– demo'ed at NAD
 - Google TV potentially supporting video
 - Apple TV potentially supporting video
- Could completely change the video landscape for everyone



Google TV
\$99



Samsung TV with Google TV inside

Apple TV \$99



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Software Wins

- An iPad, Droid or Microsoft Tablet will be better and less expensive than any VP
- Samsung and other smart TVs with Google, apple and Microsoft applications will be standard in the home



Samsung TV with Google TV inside



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Software FCC

- No more interoperability problems
- No more port battles
- Focus on Interpreting
- Lower cost to the fund



Cost Savings



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Our Proposed Rates after Transition

Tier 1: 0 to 50,000: \$6.02

Tier 2: 50,000 to 500,000: \$5.86

Tier 3: >500,000: \$4.56

New Blended Rate: \$4.83



Industry Minutes & Reimbursement

Minutes by Tier Schedule included in NPRM (Table 1, page 17):

Tier	Tier Structure	Minutes Compensated	Compensation Rate	Reimbursement
I	<=50,000 minutes	315,157	\$ 6.24	\$ 1,966,265
II	50,001 - 500,000 minutes	1,491,340	\$ 6.23	\$ 9,296,268
III	> 500,000 minutes	7,047,330	\$ 5.07	\$ 35,707,412
	TOTAL	8,853,827	5.31	\$ 46,969,944



Industry Savings

Minutes by Tier Schedule included in NPRM (Table 1, page 17):

Tier	Tier Structure	Minutes Compensated	Compensation Rate	Monthly Reimbursement	Annual Reimbursement
I	<=50,000 minutes	315,157	\$ 6.24	\$ 1,966,265	\$ 23,595,174
II	50,001 - 500,000 minutes	1,491,340	\$ 6.23	\$ 9,296,268	\$ 111,555,215
III	> 500,000 minutes	7,047,330	\$ 5.07	\$ 35,707,412	\$ 428,488,940
	TOTAL	8,853,827	5.31	\$ 46,969,944	\$ 563,639,329

Proposed Rates:

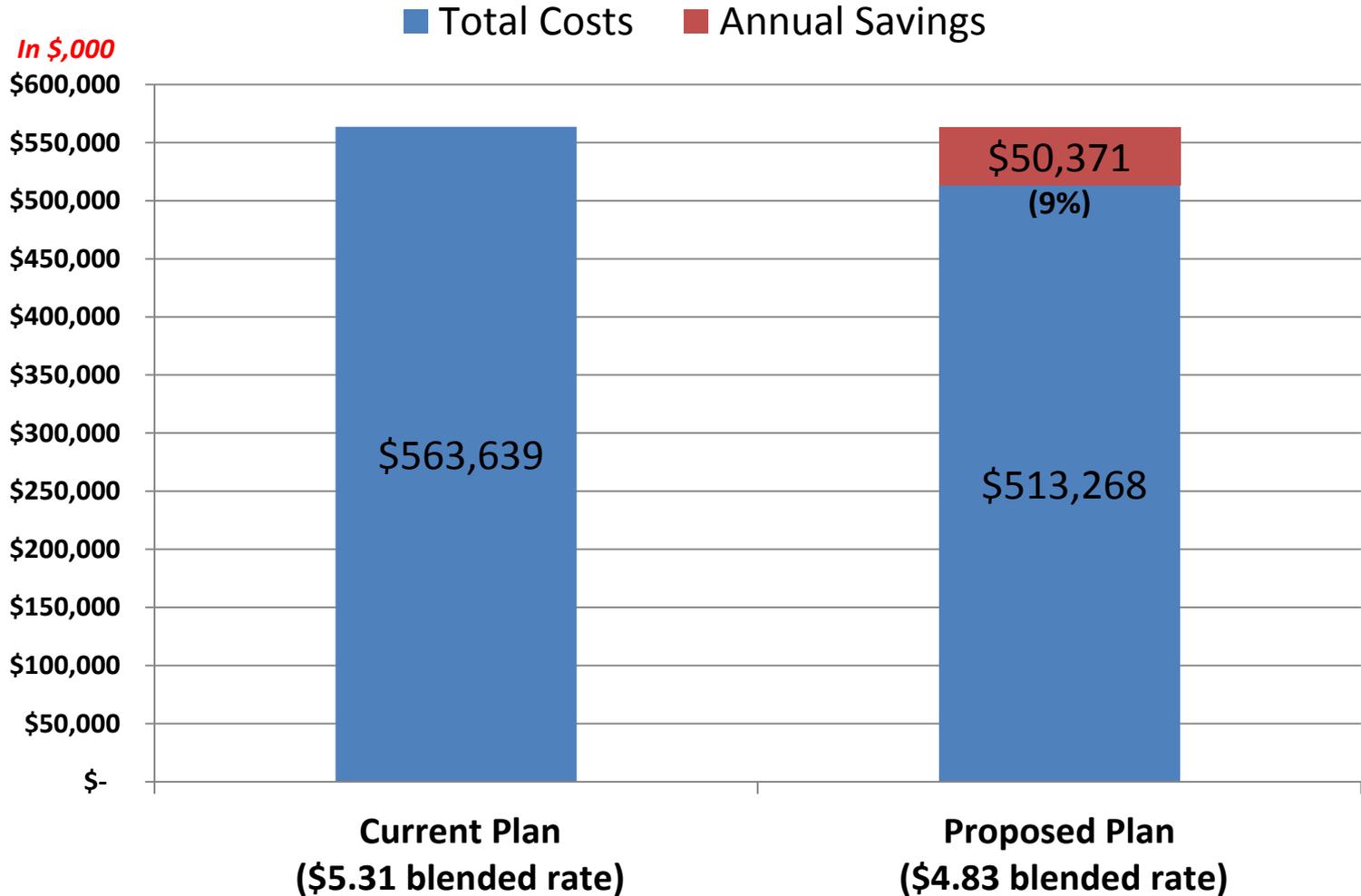
Tier	Tier Structure	Minutes Compensated	Compensation Rate	Monthly Reimbursement	Annual Reimbursement
I	<=50,000 minutes	\$ 315,157	\$ 6.02	\$ 1,897,245	\$ 22,766,942
II	50,001 - 500,000 minutes	\$ 1,491,340	\$ 5.86	\$ 8,739,252	\$ 104,871,029
III	> 500,000 minutes	\$ 7,047,330	\$ 4.56	\$ 32,135,825	\$ 385,629,898
	TOTAL	\$ 8,853,827	\$ 4.83	\$ 42,772,322	\$ 513,267,868

Savings	\$ 0.47	\$ 4,197,622	\$ 50,371,461
	9%	9%	9%



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Annual Industry Savings Graph



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Transition to Software Based VRS

Cost Savings

- Elimination of costs:
 - Phone Costs (*cost of phone, installation, repair & maintenance*)
 - Logistics Department (*payroll, variable & fixed costs*)
- Reduction of costs:
 - Customer Service (*payroll, variable & fixed costs*)
 - Sales/Outreach/Marketing (*payroll, variable & fixed costs*)



Consumer Benefit

- Focus on interpreting
- True hearing equivalence in interoperability for Deaf
- Better VPs with tablets and smart TVs
- We recommend a \$400 stipend to change out hard phone over the 2 year transition (Used to buy iPad or equivalent)



Summary

- 2 year transition to off the shelf thru software
- Stipend to deaf consumer as they switch
- Ipad, Droid, Google, Apple and Microsoft making Video Phone ubiquitous and low cost
- Fund saving
- Tiered System in place allowing low volume providers opportunity to compete
- Concentration on Interpreting

