

**RADVISION**  
**Second Quarter 2009 Conference Call**  
**July 30, 2009**

**June Filingeri:** Thank you. Good Morning. This is June Filingeri of Comm-Partners. Thank you for joining us today. We are here to discuss RADVISION's Second Quarter 2009 results and Third Quarter Outlook. With us from management are Boaz Raviv, Chief Executive Officer, Adi Sfadia, Chief Financial Officer and Bob Romano, Vice President of Enterprise Marketing. Today's earnings release can be found in the Investor Relations section of the company's Web site at radvision.com. A copy of Boaz and Adi's formal remarks will be posted on the Web site later today.

Before beginning the call, I would like to remind everyone that management will make forward-looking statements. These are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. These risks and uncertainties include, but are not limited to, general business conditions in the industry, changes in demand for products, the timing, amounts, or cancellation of orders, and other risks detailed from time to time in RADVISION's filings with the Securities and Exchange Commission, including the company's Form 20-F annual report. In addition, all the information provided today is current as of this date, and management assumes no obligation to update in the future, any of the information provided on the call.

I would now like to turn the call over to Adi Sfadia.

**ADI SFADIA, CFO**

Thank you, June and good morning everyone. Thank you for joining us for our second quarter conference call. Allow me to remind you that we are posting a power point presentation on our WEB site with all the figures that I will present today.

Let's turn to the results of the second quarter. Total revenues were \$19.6 million slightly higher than forecast. Our Networking Business Unit had revenues of \$15.0 million as guided. This was 3.6 percent below the second quarter of 2008 but 10.6 percent higher than the previous quarter. Our TBU had revenues of \$4.6 million slightly higher than forecasted.

As for the geographic revenue mix, Americas represented 70 percent of revenues, EMEA 14 percent and APAC 16 percent. Looking at customer concentration, our top ten customers generated 69 percent of revenues versus 63 percent in the previous quarter.

I will now move to expenses in the second quarter of 2009. All numbers that I will discuss are non-GAAP and exclude the effect of stock based compensation. Numbers including the effect of stock based compensation are presented in the press release.

Gross margin for the second quarter was 78.9 percent, in line with our forecast. Operating expenses this quarter were \$13.9 million. This represents a 28 percent OPEX reduction, year over year. Second quarter sales and marketing expenses totaled \$6.5 million, or 33 percent of revenues. R&D was \$6.4 million, or 32 percent of revenues, and G&A was \$1.1 million, or 5 percent of revenues.

The second quarter non-GAAP operating profit was \$1.5 million, slightly above our forecast. Non-GAAP net income was \$1.6 million, or 8 cents per diluted share, 1 cent better than our forecast.

The effect of stock based compensation was \$1.1 million dollars, or 6 cents per diluted share. GAAP net profit including stock based compensation was \$400,000 or 2 cents per diluted share.

Looking now at our balance sheet, we ended the quarter with cash and cash equivalents of approximately \$118 million or \$6.08 per basic share. This was an increase of \$500,000 from the previous quarter. This reflects \$1 million from operations offset by \$500,000 for CAPEX. There were no share repurchases this quarter. Inventory turns are 25 days and DSOs are 73 days. The rest of the balance sheet remains very strong as well. We have no debt and our cash and equivalents, including long-term investments, represent 74 percent of our total assets.

Turning to third quarter 2009 guidelines, we expect total revenues to be \$20 million, which represent a 2 percent increase over the second quarter. Our gross margin is expected to remain high at approximately 78 percent. OPEX is expected to stay at the same level as the second quarter at about \$13.9 million, which is 28 percent lower than the same quarter last year.

As a result, we are forecasting an operating profit of about \$1.7 million. We project a net profit, excluding the effect of option expenses, of about \$1.8 million, which is 9 cents per diluted share. This is in comparison with a net loss of \$1.7 million or 9 cents per diluted share in the same quarter of last year. We estimate option expenses at approximately \$1.2 million. As a result, we forecast net income on a GAAP basis of \$600,000, or 3 cent per diluted share.

I would now like to turn the call over to Boaz.

## **BOAZ RAVIV, CEO**

Good morning and good afternoon everyone. Adi, thank you for your report today.

In the Second Quarter of 2009, RADVISION delivered on the commitment that we made at the beginning of 2008 to re-assert our technology leadership through an accelerated investment in R&D. At InfoComm on June 15th, we showcased our latest portfolio that was at the heart of that 18-month effort. The reaction of the marketplace and of our partners exceeded our most optimistic expectations.

The importance of our latest product introductions is that we have brought to market a powerful combination of products, including our Next Generation MCU platform, the SCOPIA Elite, our SVC technology and enhancements to our desktop and recording product lines, which make the experience of high definition videoconferencing affordable by nearly every organization.

We introduced another product at InfoComm as part of the SCOPIA product line that took the market by surprise. It is the VC240, which is a disruptive technology solution with the potential to commoditize and democratize videoconferencing and increase our market substantially.

The VC240 was developed through a joint effort between our Technology Business Unit and Samsung, the world leader in LCD screen technology with a reputation for superior quality and a giant in the consumer and enterprise marketplace.

The VC240 is a desktop device that integrates advanced high definition videoconferencing into a high-resolution multimedia LCD monitor. Samsung and RADVISION are first to market with such an all-in-one desktop unit at the affordable retail price of \$1,999, or about one-third of any competing Executive Desktop product. We plan to have it generally available in late September.

The VC240, which will carry both the RADVISION and Samsung brand names and be marketed by RADVISION, is an important extension of our desktop strategy and enables us to address and build a broader market. Not all PCs today have the power required to process HD video. The VC240 processes full HD video within the device, which frees up the PC for other applications such as data sharing or

regular office applications. And, since it can operate independently of the PC, it can be used as a desktop videophone without having to boot up the PC. The VC240 allows anyone, even with a limited budget, to become an integral part of the visual communication network in the company.

The VC240 includes RADVISION-developed SIP and H.323-based videoconferencing technology capable of HD resolutions up to 720p embedded into a Samsung 24-inch monitor with an integrated HD camera, speakers and microphone.

RADVISION was responsible for the development of all software, including signaling and media processing for this product. Also, we have added many of our advanced video technologies including Scalable Video Coding, Forward Error Correction, and H.239 data sharing. Our TBU will receive royalties for each unit sold in addition to the revenue realized by our NBU upon each sale.

The VC240 is inherently interoperable with all our video products, including iView management software. This allows device management, remote configuration, monitoring and software upgrades.

The response of our partners, of our current direct reseller channel, and of the broader reseller group has been very positive. In fact, we have been approached by many new resellers because of the VC240 and are in the process of recruiting the best channel partners for us.

We have also seen a high degree of excitement for our Next Generation SCOPIA platform, the SCOPIA Elite, which is the centerpiece of our new and comprehensive SCOPIA Version 7 conferencing solution.

SCOPIA Elite is an entirely new architecture utilizing the latest in DSP technologies to provide uncompromised support of the high-end HD market up to full 1080p resolution. Advanced features support telepresence connectivity, dynamic resource allocation, flexible capacity and unique in-conference indicators – providing the best conferencing experience available today.

The new SCOPIA Elite 5000 MCU Series ranges from 10 to 30 ports of High Definition Continuous Presence. It complements the existing SCOPIA MCU product line, providing a complete line of systems to suit a variety of applications and budgets.

SCOPIA Elite is the industry's first standards-based MCU to natively support advanced Scalable Video Coding technology. Our SVC technology provides a high quality experience over unmanaged networks, giving it extreme network tolerance when connecting to environments typical for mobile networks and public Internet.

Other SCOPIA Desktop enhancements in Version 7 include HD recording facilities, point-to-point calling and a presence-enabled contact list. These let desktop users call each other directly without utilizing SCOPIA MCU resources, as well as enable quick and easy conference initiation. This new capability provides enhanced scalability, supporting thousands of simultaneous calls on a single system.

Version 7 of our iVIEW management application includes expanded management of third-party endpoints along with a comprehensive reporting engine. Administrators can view simple and fast statistics reports to understand utilization, see trends and watch usage growth to measure ROI.

As I'm pleased to repeat, the reaction to the product introductions at InfoComm was very exciting for us, attracting more than twice our normal foot traffic and lead generation. We have received positive industry analyst coverage as well, with one analyst specifically commenting that "it's good to see RADVISION take back their technology leadership." I'm also pleased to note that on July 1st our new SCOPIA Conferencing Solution received a Product of the Year Award from TMC.

With the unveiling of our new products successfully completed, the next phase of their introduction is the roll out to our OEM partners, all of whom have committed to adopt SCOPIA Elite. Because we have essentially built a new architecture to support High Definition from the ground up, this next phase involves certifying each product in each of our OEM partner's environments. That effort is fully underway. It is especially extensive for Cisco, where we have a rich and broad product portfolio. We are proceeding as quickly as we can because Cisco has already introduced their 7 release, which is based on our latest SCOPIA. We conducted a highly successful demo of the new SCOPIA to several Cisco business units in early July and we all came away very excited about the opportunity.

We plan to substantially finish the certification and customization for all our OEM partners by Q4 and expect sales from SCOPIA Elite to begin to ramp up at that time. We saw initial indications of SCOPIA Elite's potential success in APAC in the Second Quarter, where our early introduction there led to orders for 14 Elite systems for use in demos, pilots and even for deployments.

Now let me turn to the second promise we delivered on in Q2 – we returned to operating profitability in the Second Quarter of 2009 as forecasted, with non-GAAP operating income reaching \$1.5 million. Second Quarter revenues from both our TBU and NBU were in line with our expectations, resulting in 7% sequential growth in total revenues. Our NBU grew 11% over the 2009 First Quarter, aided by strong sales to Cisco.

I will begin my Q2 operating review with our Networking Business Unit. Our strong quarter with Cisco included the balance of the revenues from the significant Federal deal we discussed on our last call and for which we received initial revenues in the First Quarter. The rest of our Cisco revenues were solid and in line with our internal forecast. Cisco revenues were below Q1 due to continued careful inventory management by Cisco and the planned product transition. Our focus with Cisco in the Third Quarter is to certify SCOPIA 7. We also expect non-Federal Cisco revenues to show sequential growth.

Second Quarter revenues from our other OEM partners were more than twice those of the Second Quarter of 2008 and 17% higher than the First Quarter. That growth was mainly due to a significant increase in global sales to LifeSize resulting in our largest quarter with them ever. I am also pleased with the recent announcement of LifeSize Multipoint 230, resulting in the extension of our OEM agreement to include SCOPIA Elite technology in their product line. The advanced HD capabilities of the new product complement their advanced HD solutions and will help them compete even more effectively in the market.

In another exciting development, Alcatel-Lucent has signed an agreement to become our newest reseller partner, thus taking our very productive joint marketing effort based on our video solution for MyTeamwork to a new level. Alcatel-Lucent will resell the entire SCOPIA product line. There are major projects currently underway with our joint solution.

Our partnership with IBM also took an important step forward in the Second Quarter. On May 28th, IBM Japan announced the launch of their Desktop Video Enterprise Services through IBM Global Services based on the full line of RADVISION products, including the SameTime integration with SCOPIA Desktop. IBM Global Services is one of the largest systems integrators in the world and they will resell our products as part of their systems integration projects.

Looking at our NBU performance by geographic region in the Second Quarter, the revenue shift to the Americas primarily reflected the strong results with Cisco and LifeSize. We saw some traction in the U.S. in our direct sales to education and in healthcare, where telemedicine continues to catch on, but the economic slowdown continues to delay some deals.

Our NBU sales in EMEA were nearly level with the Second Quarter of 2008, but below the strong First Quarter, partly due to the shift of three projects to Q3. We also saw the continued impact of difficult economic conditions on Spain and Eastern Europe.

On the plus side: We made further progress in our strategy to expand our direct channel in the EMEA region, with the addition of four new resellers in the Second Quarter. We benefited from our existing partner relationships throughout the region as well. LifeSize sales were strong in Europe. We had our first win with a Service Provider in Turkey through our partner Huawei. One area of focus in the Quarter was to join forces with Alcatel-Lucent in additional regions and we are beginning to reap the benefits of that effort. We were successful in selling a few SCOPIA Elites in EMEA in the Second Quarter, including two to the regional office of a major global technology company in Israel, where we won two other important deals. Bank Leumi has implemented a video call center based on our platform. And, we replaced a competitor's MCU in another deal. We sold an additional SCOPIA Elite in the U.K., where we are gaining traction as the result of strengthening our sales capability there. We were successful in several competitive wins in EMEA in the Second Quarter. In Germany, we were able to win over two customers from a competitor. In South Africa, we won an RFP to be the strategic videoconferencing provider to government organizations there. We are building strong relationships in other African nations as well.

In APAC, our NBU did better than we expected in the Second Quarter, driven by our continued success in 3G in China and our early success with SCOPIA Elite. Our results in Australia were also strong in the Second Quarter and we added a new reseller in the region, which had worked exclusively with a competitor in the past. As there are positive economic factors in APAC, we expect our future progress there to be further accelerated by our relationships with IBM Global Services in Japan, and with Samsung. The introduction of the VC240 has made a "big bang" in APAC.

Turning to our Technology Business Unit, our development of the VC240, working along with Samsung, is an enormous achievement for our TBU. The VC240 represents a major milestone in our TBU's strategic focus on providing highly integrated audio and video client solutions for both embedded and desktop products, coupled with integration and customization. Our success in winning such projects enabled our TBU to achieve revenues that were 2% ahead of forecast in the Second Quarter, despite the fact that the economic downturn has affected development spending in all regions of the world.

Three deals in the Second Quarter are examples of how we are extending our market solution beyond standard applications to provide complete solutions with projects for multimedia clients and Unified Communications solutions. In Europe, we have won a second project with a tier 1 Service Provider customer already using our server products. The current project is for building an innovative Unified Communications client for hosted services using RADVISION's client suite of products. In the U.S., a leading VoIP vendor has chosen our Multimedia Terminal Framework for building their next generation client solution. In APAC, we are advancing as planned with a large PBX vendor, with two major milestones for a complex server project delivered in the Quarter.

In continuing our effort to enable customers to accelerate product developments, we announced along with Wind River on May 28th that we will provide our SIP Developer Suite based on Wind River's industry leading operating systems, VxWorks and Wind River Linux.

In keeping with our leadership tradition in the VoIP Developer market, we recently introduced our developer community. This is in line with our strategy to keep close contact with our customers and with the VoIP developer market in general. Our new developer community enhances the level of service we give to our customers and provides developers easy and direct access to detailed technical information as well as an option to collaborate with peers in other companies.

In Conclusion,

Eighteen months ago, we made three major promises:

- First, to reassert our technology leadership,
- Second, to deepen and broaden our partner and channel relationships,
- And third, to return to operating profitability following a period of intensive investment in R&D and marketing

In the Second Quarter of 2009, we delivered on all three promises.

The market reaction to the introduction of our latest portfolio at InfoComm validates our ability to innovate as well as to enable and potentially change the videoconferencing marketplace by commoditizing and democratizing it.

The next important phase of our product introduction is underway. SCOPIA 7 and VC240 will be ready for direct sales at the end of the current Third Quarter. We are committed to completing the work of qualifying and certifying SCOPIA in the environments of each of our OEM partners by the Fourth Quarter and, with it, begin to see a more meaningful revenue contribution from them. That will help us to deliver on our fourth promise, which is to return to year-over-year revenue growth.

Of course, we will also continue to invest in our technology, to develop innovative solutions and to come up with new disruptive products that tap the deep strengths of our TBU and NBU. Also, we commit to further deepen and broaden our partner and channel relationships.

We remain fully committed to delivering on our promises and to achieving profitable growth.