SIP Forum 2005 Annual Report

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1   Preface

The SIP Forum (also referred to as the "Forum" herein) Annual Report is updated annually to provide basic information about the operation of the Forum. This report describes two time periods:

- Activities that occurred during the last year (1 July 2004 - 30 June 2005, the "2004 fiscal year"); and
- Activities anticipated in the coming year – the fiscal year that began 1 July 2005 (the "2005 fiscal year.")

Based on feedback from members about the size last year's report, the level of detail in this year's written Annual Report is significantly reduced in order to make the document more useful and accessible to interested members.

1.1   Executive summary

During the past, 2004 fiscal year, the most active area in the SIP Forum has become our new Technical Working Group, which has begun working on "quasi-standards" for the industry.

More specifically, the SIP Forum has identified a desire among SIP Forum members to go beyond basic interoperability. Members want related products/services to be *deeply* compatible off the shelf – not just at a minimal level – and also want to push beyond the basics to help define new, novel multi-vendor combinations of services and products.

Because the self-defined role of the Internet Engineering Task Force (IETF, where the core SIP protocol is defined) is generally limited to core protocol-level interactions, and because many of the desired goals listed above require agreement on implementing things beyond the core protocol definitions, a gap exists between the role the IETF plays and what the SIP Forum's members need in order to reach these new goals.

As a result, since in January 2005 the SIP Forum has assumed the role of being a venue where such standards-like *Recommendations* that are outside of the IETF's scope can be created.

To support this activity, the SIP Forum reorganized its technically oriented activities under a single new Working Group (to match the structure used in its other activity areas), and put the management, legal and technical structure in place to support this.
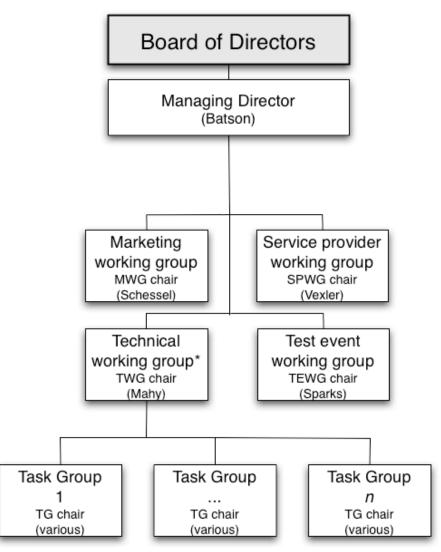
Since the SIP Forum continues to grow, the increased revenue means that the new Technical activities do not negatively impact the Forum's other working groups, which continue to operate as before.

The financial plan for fiscal 2005 is therefore structured to fund both these new, and traditional activities. This year, the Forum forecasts revenues of €425,000, and the fiscal budget assumes that we operate as the non-profit that we are: all but €9,000 of this will be spent on activities.

2   SIP Forum operational framework

2.1   SIP Forum structure

During the coming fiscal year, the SIP Forum will remain organized as follows:

(This structure is subject to change at any time by action of the Board of Directors.)

Personnel details:

- Jay Batson has been (Acting) Managing Director at the request of the Board of Directors since the departure of the previous Managing Director at earlier in fiscal 2004. He expects to continue in this role for fiscal 2005.
- Larry Schessel (Cisco) is Chair of the Marketing Working Group (MWG). Mr. Batson works with Mr. Schessel to balance the volunteer effort obtained from Mr. Schessel with the paid effort provided by consultants to assist Mr. Schessel in MWG work. Mr. Schessel expects to continue in this role for fiscal 2005.
- Manuel Vexler (Integra100) is Chair of the Service Provider Working Group (SPWG). Mr. Vexler has recently taken a new career position, and will be working with Mr.

Batson to both redefine the charter and activities of the service provider working group, as well as locate a new co-chair to help manage the activities of this group in order to accommodate his changed circumstances.

- Rohan Mahy is Chair of the Technical Working Group. Mr. Mahy is also co-chair of the SIP and SIPPING working groups within the IETF. Mr. Mahy expects to continue in this role for fiscal 2005. He will supervise various *Task Group* chairpersons to work on specific technical areas within the TWG.

- Robert Sparks (Estacado Systems) is Chair of the Test Event Working Group. Mr. Sparks expects to continue in this role for fiscal 2005.

3   Fiscal 2004 activity review

A list of accomplishments from fiscal 2004 include the following items.

3.1   Technical working group

- **Creation; chair appointment.** After approving the charter for this working group, the SIP Forum was pleased to have Rohan Mahy, co-chair of the IETF SIP and SIPPING working group in the IETF, agree to serve as the Chair of the SIP Forum Technical Working Group (TWG). By having Mr. Mahy in this role, the Forum will be much more successful in the initial stages of sorting out whether the SIP Forum or the IETF is the correct venue for creating a particular "standard."

- **Policy documents**. While not yet formally released, the Forum has released a Recommendation articulating the Forum's rights in Copyrighted work issued by the Forum (and contributions by individuals to these works), and a similar recommendation regarding Intellectual Property Rights (IPR) is being drafted.

- **Process**. The Forum has also articulated its process by which Task Groups are certified to work on specific technical areas, and by which the written outputs ("Recommendations") of these groups become certified as official SIP Forum documents.

- **First Task Groups certified**. Two groups have been certified to operate within the SIP Forum to tackle specific problems:

  - *IP PBX / Service Provider Interconnection.* Creation of this Task Group was triggered by the request of the "SIP Connect" organization (and its participants) to have the SIP Forum become the home for the SIP Connect specification to do this function, and utilize the newly-created SIP Forum processes to enroll more participants in the creation of a Recommendation for this function.

  - *SIP phone definition.* This Task Group is chartered to create one or more Recommendations to help articulate what "standard" SIP phones should do. This may include items beyond call signaling, such as configuration, or audio performance requirements.

3.2   Marketing working group

- **Website.** The website was in need of a significant upgrade in both technology and content. The creation of a new website was hastened when the old site was compromised in May 2005.

The SIP Forum wishes to express its deep thanks to Full Member Wipro Technologies, which volunteered website programmers to work under fire to help create the underlying programming infrastructure for an entirely new site. Wipro personnel helped during the site re-creation weeks, as well as on several ongoing project-based added items of work. Thanks Wipro for the new www.sipforum.org

Some of the key new features of the site include:

- Online new Full member signup;
- Automated membership renewal system for Participant members;
- Automated banner handling for events the SIP Forum co-sponsors, along with click-through reporting information;
- Use of a content management system (Mambo) to simplify content creation and allow more "hands" to be involved in content creation;
- A much more extensive site overall, including many new pages for many new purposes;
- Reprogramming some long-broken site features (especially the IETF draft activity module);
- Automated handling of Industry and Member news items;
- Automated handing of document management for all uploaded documents, including member white papers, SIP Forum documents, etc.;
- Site statistics are now available for use in the monthly Marketing WG newsletter.

- **New hosting.** The hosting of all the Forum's Internet-based services was moved in order to improve the administrative quality, gain more control over operation, add new services, and move mailing lists for two reasons (provide list email addresses utilizing the "sipforum.org" domain, and have the ability to create new lists at will).

- **Wiki**. In addition to the website, a new Wiki is available at wiki.sipforum.org that can be used by any person to place relevant SIP-related information into a SIP Forum operated website.

- **Webinar.** The SIP Forum held its first webinars during fiscal 2004, which drew hundreds of participants each. (The possibility of holding future ones depends on being able to find volunteers willing to invest significant preparation time.)

- **New trade show booth.** A new pop-up booth was created that incorporates domain-relevant graphics and text, as well as a call to action.

- **Member white paper distribution.** White papers were obtained from interested members for printing and distribution at the

3.3   Test event working group

- **Web-based support infrastructure.** In previous years, SIPit "host" organizations were required to create all web-oriented communications to support the SIPit. In particular, hosts were required to collect all registration funds themselves. Since this nearly always was done via credit card charges by participants, most host organizations had to build an eCommerce site capability in order to collect fees.

These two things were a major burden on host companies. As part of its new website, the SIP Forum has provided a place for most marketing and informational content to be made available. In addition, the Forum has established a relationship with a third-party (outsourced) online conference registration provider to handle all

attendee fee collection. (The SIP Forum now receives all registration fees, and passes them through (at no profit) to the host organizations.)

3.4   General & administrative

- **Departmental accounting.** As a result of changes introduced in fiscal 2004, financial reports are now available to each working group chair that show expenses on a per-WG basis, and show "actual vs. plan" to assist in management.
- **Budget accounting.** Similarly, all financial reports now report "actual vs. plan" broken down into budget categories and time in order to assist Forum management in financial stewardship and management of Forum resources.
- **Eating the dog food.** The SIP Forum now utilizes a SIP-based conference bridge. ***The SIP Forum wishes to express deep thanks to our member Ubiquity,*** who provides this to the Forum for Board meetings and other similar group activities. Thanks, Ubiquity, for proving it all works, and for providing us with a needed tool!
- **Creation of U.S.-based subsidiary LLC.** For a number of our members, particularly U.S. members who wished to conduct financial transactions with us (e.g. dues payments, or payments to consultants), doing business with a Swedish non-profit was difficult. Virtually all transactions needed to be performed via wire transfers, and expensive and high-effort way to do business. In addition, most of our financial outlays go to U.S.-based suppliers, and all payments to them also had to be done via bank wire transfer.

  Therefore, the Forum established "SIP Forum LLC" as a wholly-owned U.S. subsidiary company, which then opened US bank accounts for doing operations. These actions have greatly improved the efficiency of operation of the Forum.

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4   Anticipated fiscal 2005 activities

Various goals are specifically known now as ones the SIP Forum wishes to accomplish during fiscal 2005. This list is not likely to represent all things that will be done, but the list includes the following.

4.1   Technical working group

- Create various technical documents (Requirements) that are not well suited to creation within the IETF
  - PBX to service provider interconnections ("SIP Trunking" specification)
  - An "official" version of the IETF *sipping-services* draft (that itself is not likely to be made into an RFC) to specify IP Centrex & IP PBX call signaling flows
  - SIP security best practices Recommendation;
  - And other similar areas
- Identify a path to achieving high levels of "off the shelf" compatibility between endpoint devices and network systems.
  - Creation of a "Certification" program is not currently anticipated.
- Find ways to help solve the problem of SIP/RTP traversal through firewall / NAT devices.

- (N.B.: Don't define the protocol or technical solution, but attack the problem of how to motivate relevant technology vendors to implement the standards that have been set elsewhere.)
- Other technical activities for which the SIP Forum is the "best" venue
  - Incremental expansion of test cases & suites to include testing of end-to-end transparency, or others (if/as needed)

4.2 Marketing working group

- Continue to act as media co-sponsor of conferences that involve SIP-based technology, products, or services
- Attend (as attendee, or exhibitor as appropriate) conferences that have significant SIP-related content
- Sponsor industry "networking" events bringing together vendor, service provider and enterprise representatives, typically in conjunction with conferences
- Increase the proportion of public discourse about SIP-related business and practice issues relative to the discourse regarding technical principles and theory.
- Hold additional webinars covering relevant topics (e.g. SIP and IMS, etc.)
- Information (white papers, etc.) that:
  - Focuses attention on crucial problem areas (e.g. NAT/firewall traversal)
  - Clarifies the implications of the use of Session Border Controllers
- Help locate and recruit the four new members anticipated during fiscal 2005

4.3 Test event working group

- Continue to coordinate holding 2 SIPit events per year
- Schedule and hold the next SIMPLEt event
- Add new technical infrastructure used to support these events

4.4 Service provider working group

- Expand group involvement beyond participants who work for service providers
  - Include product vendors, technical- or marketing-oriented participants to help drive new requirements, activities and goals
- Identify WG co-chair to work with existing Chair to manage this WG

5 Financial discussion

5.1 Fiscal 2004 (Past FY ending 6/30/2005)

Audited results are still being prepared as of the time of preparation of this document. (They should be available within a few days after the General Meeting.)

After running "in the black" for the first five years in order to build a cash cushion, the fiscal 2004 budget was the first that was intentionally designed deliberately to approach break-even by increasing investment in various WG activities.

Unaudited results are as follows:

Fiscal 2004 (ending 6/30/2005) financials			
	Actual	**Plan**	**Variance**
Revenue	269,087	265,000	4,087
Expenses	(251,439)	(239,764)	(11,675)
Net	17,648	25,236	(7,588)
Total assets	329,969	360,525	30,556
Cash	180,915	298,397	117,482

Management comments on this are:

- This was the first year that an actual budget / plan was created. No previous accounting provided any detailed insight into possible expenses and allocations among WGs. The budget was created bottoms-up, but was expected to be "off" due to inadequate historical information. It actually turned out closer than expected.

- Expenses were slightly over plan due to inaccurate expense projection information when the plan was created;

- Cash was under plan due to a larger than expected amount of receivables from Full Members who had not paid their membership dues within 30 days after invoicing.

The Managing Director and the Board of Directors consider the variance from plan to be nominal and acceptable, particularly given the lack of well-organized historical financial data around which to create the original plan and budget.

The operating expenses for each of the working groups were as follows:

Expenses - by Working Group			
	Actual	**Plan**	**Variance**
Tech WG	1,396	29,950	(28,554)
Test event WG	51,327	1,150	50,177
Svc prov WG	7,201	14,400	(7,199)
Mktg WG	106,457	127,380	(20,923)
G&A	85,058	66.884	18,174

Management comments on this are:

- Per-WG allocations were difficult to budget in this first by-department budget (in FYY2004). This first year of data, however, should improve management's ability to forecast per-WG allocations in fiscal 2005;

- The anticipated TWG project of extending the SIP Forum User Agent Test Suite was not performed, thus leading to lower costs in the TWG;

- The budget for fiscal 2004 did not anticipate collecting SIPit revenues and the pass-through to the host companies. The TEWG actual reflects payment of these receipts to the host companies;

- The MWG elected not to produce some of the white papers in its fiscal 2004 plan. Since contract writers were to be used for this, the costs were saved.

- G&A expenses included items that benefit all WGs, but which could not be simply allocated to a single WG. Also, the initial setup and ongoing costs of implementing departmental and budgetary accounting / reporting were underestimated.

The Managing Director and the Board of Directors consider the variations from the plan to be acceptable, particularly given the lack of well-organized historical financial data around which to create the original plan and budget.

5.2   Fiscal 2005 plan

A detailed Fiscal 2005 financial plan is available from the SIP Forum Managing Director upon email request.

The key metrics for the plan are as follows. (Amounts in Euro, and rounded to the nearest 1,000.)

Fiscal 2005 (ending 6/30/2006) plan

	Plan
Revenue	425,000
Expenses	(417,000)
Net	9,000
Total assets (EOY)	315,000
Cash (EOY)	195,000

Expenses by workgroup are planned to be as follows (Euro, 1,000):

Expenses - by Working Group

	Plan
Tech WG	21,000
Test event WG	160,000
Svc prov WG	14,000
Mktg WG	140,000
G&A	82,000

The primary differences in this plan from FY2004:

- Attendee costs for SIPit and SIMPLEt events are now received into revenue, and host reimbursements are shown as a Test event WG expense;
- Since the majority of activity levels in each WG are the same or somewhat increased, the costs mirror the FY2004 actual costs, plus allowance for increased activity;
- Some of the Marketing WG costs are generously-allocated, and there is room to eliminate some costs if revenue does not track to plan;
- G&A includes some costs for optional meetings that are currently just "ideas."

The primary risk to this fiscal plan is that the plan presumes a 4-member membership revenue growth from currently unidentified possible members (in addition to some new member additions replacing non-renewing members). However, membership levels could stay flat, or drop. Though there is not any substantial indication at this time that membership levels could drop, this always remains a risk.

Despite this risk, substantial flexibility exists in changing the number and sophistication of many of the items planned for execution during this fiscal year. If actual results begin to vary significantly above planned budget numbers, there is adequate room to adjust operational activities to reduce costs to prevent losses.

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