

WHITE PAPER

Seeing Is Believing: The Value of Video Collaboration

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INTRODUCTION

More than just a buzzword, collaboration has become a key and much sought after competitive differentiator. Enterprises seek to harness the power of collaboration to extract the benefits that can be derived from interunit relationships. In some cases, these benefits can be characterized as internal, including cost savings and the ability to bring products to market faster. Collaboration is especially valuable for large global corporations with offices that are dispersed throughout the world. Although these remote offices are part of the same company, geographic isolation creates silos of expertise that often go untapped, affecting competitive advantage. In other cases, the benefits of collaboration move beyond the internal boundaries of the corporation and create integrated and tighter relationships with customers, suppliers, and partners. In some cases, collaboration helps companies incorporate customer feedback into the product design process, enabling products that better fit expectations and purpose. Whether external or internal, collaboration enables companies to extend the value of their products or services to their customers and positively affects the top and bottom lines.

Of course, simply fashioning a corporate policy that promotes collaboration does little to realize the benefits. In fact, the value of collaboration as a competitive advantage resides precisely in the challenge of executing it and creating a corporate environment and ecosystem that allows its advantages to take root. Part of the challenge resides in giving employees the tools they need to set up a collaborative environment and in offering training so they can benefit from these capabilities.

Videoconferencing has emerged as an important collaborative tool that can remove geographical boundaries, encourage frequent discussions between disparate business units, increase productivity, and deliver a competitive advantage.

Videoconferencing and collaboration have become indispensable tools for doing business, according to IDC's interviews with end users. All respondents stated that video had become a critical communications tool. In fact, video had become so important to corporations that the business case for purchasing and deploying a new system often was no longer necessary. According to an interview with the TÜV NORD Group, a testing and standards company based in Europe, the value of its new IP-based videoconferencing system was so well established that it no longer needed to capture usage metrics to cost-justify the purchase of the system. In addition, the TÜV NORD Group reported that its usage of videoconferencing is less about cost reduction and more about collaborative opportunities that are enabled by videoconferencing. Videoconferencing historically had been used as a tool to reduce

travel time and costs; now, however, corporations are beginning to utilize videoconferencing to increase productivity and business process efficiencies.

Also, the introduction of videoconferencing can have positive, unforeseen benefits. For instance, simply assembling all the individuals responsible for a particular project can help bond team members and give them a boost in morale. Involved in a corporate makeover, TÜV Nord felt that the installation and deployment of videoconferencing enhanced its company image, projecting a more modern and technically savvy company to potential customers. Although not a multinational corporation, TÜV Nord felt that videoconferencing enabled it to project a larger presence into markets than it had previously.

OVERVIEW OF INTERVIEWS

Our interview process focused on understanding how enterprises are using video to move beyond mere cost savings to collaboratively enable efficient product development cycles as well as gain competitive advantage. IDC found the impact of videoconferencing to be widespread from corporate to virtually every business function, including:

- Video as an enabler to achieving corporate objectives
 - Video and enhanced productivity
 - Video as a catalyst for increased collaboration
 - Video enabling faster dispute resolution
 - Video as a green technology
 - Video as a means of leveraging globalization and new talent in emerging markets
- Video and its impact across an enterprise's lines of business
 - Sales
 - Research and development
 - Human resources

VIDEO AND CORPORATE OBJECTIVES

Video collaboration goes a step beyond videoconferencing to actually become part of an organization's business processes and competitive advantage. In examining this phenomenon, IDC interviewed Polycom customers to better understand how they use video to enable internal and external collaboration to positively affect their global competitiveness and bottom line.

30% Average Increase in Productivity

As corporations compete for business on a global scale, companies are requiring their employees to become more productive. In some cases, one employee is being asked to do the work of two employees. In general, respondents cited up to a 30% increase in productivity after the deployment of video in their companies. For instance, in manufacturing, video is used to select suppliers and extract the best price. By utilizing resources, including the sourcing of less critical tasks to outside suppliers, companies can offset margin shrinkage by reducing production costs. Also, a multinational entertainment company was able to increase productivity of its employees using videoconferencing to deliver a faster turnaround of projects requiring review by top-level management. The company's proposals were reviewed and given the go-ahead faster because presentations and storyboard/plot reviews no longer needed to be done in person.

35% Increased Collaboration

Getting employees to use new technology-based tools, including collaboration tools, can be challenging. Part of the challenge has to do with incorporating new procedures into the work process itself to help employees attain the required proficiency for using the new tools productively. Concepts such as "presence" or "collaboration" are easy to define, but gaining a tacit understanding of and traction for them can be difficult among the employee base. Video is unique as a collaboration work tool in that actually using it can help demonstrate, in a very tangible manner, its advantages.

For instance, DHL noted that videoconferencing created a 10% increase in the company's collaborative activities. SABMiller, a global provider of food and beverage products, said the deployment of videoconferencing allowed it to maintain closer contact with local offices, fostering an understanding of how to adjust product marketing to the tastes of a specific locale. As a result, SABMiller realized a 35% increase in collaboration with the deployment of video.

75% Faster Dispute Resolution

Understanding and resolving problems both internally and externally is critical in keeping customers happy and moving forward efficiently with project direction and design. As part of the IDC interview questionnaire, respondents were queried as to whether or not the use of video enabled them to quickly resolve disputes. A global pharmaceutical company noted that videoconferencing enabled it to resolve disputes 75% faster than it used to. In the past, problems related to product development that occurred in different labs around the world tended to take longer to resolve. Videoconferencing helped cut through the language and cultural barriers to enable all parties to resolve a dispute in a collaborative manner, saving time and increasing the agility of companies during the innovation process. The ability to jump on a video call with a customer and experience the entire continuum of speech, gestures, and facial expressions enabled the respondent to dig deep into the issues at hand to get at the root of a customer problem. Internal issues are also resolved faster. For instance, DHL, a large multinational shipping concern, said the use of videoconferencing enabled it to respond to internal problems and issues 15% faster.

Video: A Green Technology

Reductions in travel time and its associated expenses have long been understood as the traditional driver for the deployment of videoconferencing services and equipment. A new twist on the travel argument is becoming apparent. With the growing emphasis on and, in some cases, the government requirements for energy efficiency and "green" policies in corporations, videoconferencing is now seen as also having a direct effect on lowering a company's carbon footprint. Less time on the road traveling by plane or car will mean fewer carbon emissions being released into the atmosphere.

GLOBALIZATION TAKES VIDEOCONFERENCING TO VIDEO COLLABORATION

IDC believes that several factors have contributed to the emergence of video-enabled business processes that encourage collaboration and animated, interactive real-time conversations. Video collaboration affects business processes such as development and design by bringing disparate teams together in real time. When virtual teams are created ad hoc and use video, faster decisions can be made. Furthermore, video collaboration is not simply about communication reducing the barriers of technology and distances among dispersed workgroups, but, more important, it's about diffusing information accurately and instantaneously to those who need it at the optimum point in the decision-making process. This shift in emphasis has been influenced by a number of different factors, including globalization, the ubiquity of IP networks and technology, and the influx of new and younger employees.

The use of video collaboration has become a critical tool in an increasingly competitive and global marketplace. Respondents interviewed by IDC were well aware of the challenges their companies face in growing business and competing with both incumbents and new market entrants. In interviewing respondents, IDC inquired about strategic goals and imperatives. The answers were fairly predictable in that each respondent wanted to grow and maintain share as well as attack new opportunities in emerging markets. To achieve these results, all respondents recognized that video would help them change the manner in which they did business, including:

- Utilizing new pools of overseas talent
- Communicating with new offices in emerging markets
- Shortening product development and production deadlines that require 24 x 7 commitment

Video enables companies to meet these business dynamics, ensuring that all of the different business units can communicate and collaborate in real time to meet customer expectations.

The Globalization of the Workforce: New Pools of Talent

The globalization of the workforce and supply chain increases the importance of accurate and timely communication among far-flung end users. Indeed, the move to IP-based communication, which lowers cost and enables plentiful bandwidth for new media applications such as video collaboration, has made possible outsourcing and offshoring.

To gain efficiencies, businesses are outsourcing critical functions such as component design and support to workers in foreign countries. Conversations that are devoid of one or more multimodal cues can be difficult to interpret. This problem can be troublesome for outsourced professionals, including those with expertise in software development engineering and banking, but it is especially acute when attempting to communicate with customers and prospects who may not be proficient in English. The value of adding video to the conversation can help add important visual cues that establish meaning and trust between participants. From an internal perspective, using video collaboration in product design and development when bringing a new product to market can help avoid the "stop-and-go" effect that results when issues such as "When is the project due?," "Can you make the meeting?," and "How much will it cost?" arise. The ability to add context through visual subtleties plus the ability to glean feedback in real time give video collaboration an advantage that is almost unbeatable compared with other forms of communication.

Although the dependence on foreign workers has slowed somewhat, IDC predicts that the worldwide offshore IT service market will grow from \$13.1 billion in 2005 to \$29.4 billion in 2010, a five-year compound annual growth rate (CAGR) of 17.6% (see *Worldwide and U.S. Offshore IT Services 2006–2010 Forecast*, IDC #202411, July 2006). Video is critical in helping companies manage this workforce as well as see and resolve manufacturing issues faster. It is not surprising then that multinationals lead the way in terms of video deployments.

IDC has continually stressed the importance of understanding trends and expectations that exist in the youth market as they relate to the enterprise. Simply stated, the youth of today will become employees in the rapidly approaching future. They have grown up with a different set of expectations that includes multimedia tools that they use at home and will expect to be available to them at work. Most if not all of these future employees utilize collaborative tools including video as a part of their everyday communications toolkit. Companies that understand the needs of these workers for multimedia collaboration and communication tools will be able to bring together the best and brightest, while those that do not understand these needs will be at a competitive disadvantage and will eventually fade away.

Emerging Markets

DHL, a large multinational shipping concern with a strategic objective to grow and maintain market share, uses video collaboration to take advantage of opportunities in emerging markets. According to DHL's IT manager, the use of collaborative video is critical in the company's ability to maintain its competitive edge given the global nature of its business. Meetings with product managers often take place via videoconferencing to speed product to market and address customer complaints. Video usage has increased awareness of the importance of collaboration by 10%, thus helping keep the global organization on track in achieving the corporate vision. From DHL's point of view, video has become a catalyst for increased collaborative activity at the company.

Dow Chemical, too, is a company under a corporatewide mandate "to be closer to emerging markets." To achieve this vision, the company increased its purchase and deployment of videoconferencing systems in its Asian and Latin American offices. Given the global nature of Dow Chemical, the use of videoconferencing has been critical in helping employees focus on important tasks instead of wasting time in duplicative efforts. Videoconferencing helps employees and managers in different divisions work collaboratively to produce products with a faster time to market. In particular, Dow Chemical video helps employees who are not native English speakers work collaboratively on projects that leverage their talents. Video has made their collaborative efforts much more effective by adding a visual element to weekly discussions. The ability to see as well as hear a speaker helped reduce misinterpretations that had led to serious production delays in the past.

WHICH BUSINESS UNITS BENEFIT MOST FROM DEPLOYING VIDEOCONFERENCING?

As we've learned from the discussions of corporate objectives and globalization, virtually all areas of an organization benefit from video collaboration as an internal communications tool.

Video and the Sales Process: More Contact with the Customer Leads to Greater Loyalty

In addition to the internal uses, however, it is clear from interviews that many business units are also utilizing video communications in a much more external or customer-facing manner. For example, W.R. Grace's sales force is using video to keep communications with key customers open and recurring. This includes weekly videoconferences that address problems as they occur and, more important, strengthen customer relationships and increase loyalty. In this scenario, the relationship between the sales organization and the customer becomes much more collaborative. Problems and concerns are solved as if both are part of a team located in the same place and able to have an open and frank dialogue. Guy Welty, manager of global media networks and collaborative services at W.R. Grace believes that using videoconferencing enables him to spend sales visits entertaining and exploring new business opportunities and less time engaged in bare-knuckle negotiations.

Altera, a designer of specialized microprocessors, reports that its sales and design teams are heavy users of videoconferencing, accounting for 75% of the company's total usage. The company outsources some of the manufacturing processes to a plant in Asia, enabling it to work on a 24 x 7 basis thanks to video handoffs. In addition, the Altera sales team utilizes videoconferencing to keep in touch with customers, get their feedback, and answer their needs. These concerns and needs are relayed back to the design team via videoconferencing, thus enforcing a closed-loop collaborative design process between sales, customers, outsourcers, and the design team. As a result, instead of hearing about customer needs after they become public knowledge, Altera can respond in a more agile manner to changes in the market.

Research and Development: Video Makes Serial Development Possible

One of the especially vexing problems in bringing a new product to market is the long development cycle. Companies that work efficiently to reduce the time and processes involved in product development will reap the rewards. To reduce product development time many corporations have moved from linear to serial development processes, creating an efficient yet highly complex process that breaks development into smaller, more manageable tasks. Once accomplished, the smaller tasks are then reassembled and a complete product emerges from the process. Of course, keeping all of these different tasks on time with enough separation so that no one process interferes with another can be a daunting task. The key to reducing delays in a serial business process is collaboration and communication. Issues such as engineering reviews of subprocesses must be completed prior to a final product being brought to market. All teams must be kept informed, especially those that are scattered across the world.

A global pharmaceutical concern found that the use of videoconferencing reduced time to market for a new drug by 20%. Much of that saved time resulted from engaging the best talent available at the outset, no matter where the expert resided. The research and development team that created the new drug then used video to convey the drug's benefits to the company's marketing team as well as answer questions from the global sales team about the drug's efficacy. This seamless dissemination of information avoided misunderstandings and disagreements that had plagued new product introductions in the past.

Video and Human Resources: Better Interviews, Training, and Morale

Human resources also benefits from using video to enable better communications and facilitate better hiring. SABMiller uses videoconferencing to allow employees to interview for positions in other business units within the company without drawing attention from current supervisors and placing employees in an awkward and potentially career-limiting situation.

At W.R. Grace, virtual town hall meetings over audio and video connect 2,000 employees on a single call, saving the company over \$1 million annually. These meetings take place approximately 16 times per year, and although the cost savings are demonstrable, the ability for an executive to inspire employees is considered immeasurable.

CASE STUDIES: VALUE TO ORGANIZATIONS

W.R. Grace: Savings of \$8 Million a Year from Increased Productivity, Reduced Outsourcing

W.R. Grace is a leading supplier of specialty construction chemicals and materials with \$2.5 billion in revenue and over 6,000 employees in 40 countries. W.R. Grace relies on remote collaboration from Polycom to leverage employee expertise and respond to changing market dynamics. At W.R. Grace, video collaboration reduces meeting times and enables faster decisions by 50%. In one year alone, W.R. Grace saved \$8 million from increased productivity and lower outsourcing and travel costs. In addition, the company found decisions made via traditional communication processes took longer because people were being "bounced around — trying to get the right people on the phone" — playing email or telephone tag. In some cases, the company noted that meeting lengths were actually shortened and decisions were made faster as a result of using video.

From a business unit perspective, W.R. Grace has deployed videoconferencing capabilities across all of its units, including HR, sales, and engineering. The company's HR department utilizes videoconferencing to interview potential employees. For sales, video enables feedback from nonverbal cues, which is especially important when negotiating with international customers. In engineering, teams were able to remotely diagnose technical problems at W.R. Grace manufacturing facilities, propose an immediate solution, and reduce downtime. The W.R. Grace R&D department collaborates over video to decrease development times using video interactions in real time with global colleagues to design new products and services.

DHL: Video Collaboration Critical for Competitive Edge, 30% Uplift in Productivity

In serving its customers in 220 countries throughout the world, DHL must operate in a collaborative fashion on a 24 x 7 basis. Given its large and diverse set of businesses that reach across the globe, flying everyone around for face-to-face meetings simply isn't practical. In fact, John Howell, senior technical consultant of telecoms convergence, global production technology services, network and communications at DHL, noted that collaboration and collaborative tools were critical in helping the company maintain its competitive edge. In setting a course for future growth, DHL is looking not only to maintain its current share of the global logistics and shipping business but also to grow it in an increasingly competitive environment. In some locations,

DHL relies on video to help workers become more productive, especially on internal issues such as the design and engineering of its data facilities, financial reporting, and new products. Employees who use videoconferencing at DHL experience a 20–30% uplift in productivity, resulting from the ability to meet, consult and collaborate on projects instantaneously.

DHL also uses video to ensure customer satisfaction. DHL may actually be the more expensive option; therefore, to encourage customer loyalty and attract new customers, DHL uses video as a differentiator to deliver a better customer experience. If DHL's global tracking and information resources and networks were ever to become inaccessible, customers would become frustrated looking for the latest updates on critical shipments, the customer experience would erode, and the customer would go elsewhere in the future. DHL has been able to leverage its deployment of videoconferencing to enable faster response times to internal problems or emergencies. With video collaboration, the company can rectify that issue *before* it escalates and the customer is lost to the competition.

A Multinational Pharmaceutical Company Uses Video Collaboration in Sales and Research to Bring Drugs to Market 20% Faster

A global leader in the research and development of high-quality pharmaceuticals, this company employs 12,000 medical researchers across the world and uses video for training, research, and external communications. Using video enables employees and C-level executives to communicate about important changes in the company in an efficient and timely manner. This firm finds videoconferencing is 75% more effective in helping distribute company messages internally and address issues within 24 hours.

The pharmaceutical has also noted that videoconferencing has provided it with a competitive differentiator in the development and training of its sales force as well as expanded training by enabling employees to study for their master's degrees remotely by video. By expanding the expertise of its sales force, it has seen a resulting 40% advantage in any competitive bidding situation it encounters.

Highly dependent upon its research and development organization to drive revenue, this pharma's business is resource-intensive in terms of development costs. To receive the greatest return on these investments it is critical they bring product to market faster than their competitors. Given the global nature of their business and the use of R&D resources throughout the company, video enables global collaboration in research that has resulted in the introduction of a key drug to market 20% faster. This company is now in the process of deploying videoconferencing to the leader of a drug development team based in Milan. With video, she will now be able to collaborate with her globally dispersed team.

Altera: Video Collaboration Enables "Follow the Sun" Development and Input from Customers on Design

Altera is the world's pioneer in system-on-a-programmable-chip (SOPC) solutions. Based in San Jose, California, the company employs 2,300 people in 14 countries and delivers its products to over 14,000 global customers. Altera first implemented videoconferencing in the mid-1990s to connect its worldwide sales offices for meetings and to enable engineers at company headquarters to interact with engineering staff located abroad. Currently, the company has deployed 47 Polycom video terminals throughout its global offices. At the end of the day, engineers in the San Jose office initiate a videoconference with Altera engineers in Penang, Malaysia, to "hand off" design and development. Utilizing video creates a collaborative environment that allows design work to continue on a 24 x 7 basis.

Altera's videoconferencing usage is not limited to the development and design of programmable chips. The company's HR department uses the system for remote interviews. According to Altera, its HR department accounts for 25% of total videoconferencing usage. The ability to use video as a tool in the hiring process is more than a cost-savings measure. Video creates a collaborative interview process that helps Altera decide whether a candidate is a good fit for a particular position. Interviews are conducted remotely by different HR personnel, allowing more thorough and timely consideration of each candidate.

Videoconferencing is also used by the sales force to communicate on a daily basis as well as for more formal quarterly sales calls. In addition, sales has used the system to initiate conversations between customers and design staff to garner feedback regarding new product initiatives. Engineers as well as sales and design team members use video to gather verbal and visual feedback on a new design. Although predicting how a new product will be received in the market is uncertain, the ability to include a customer's key "wish list" helps the company avoid basic errors in new product deployment and instead focus on improving design.

A Multinational Entertainment Company Uses Video Collaboration to Troubleshoot New Rides and Get Product to Market 15% Faster

Holding one of the most famous brands in the entertainment industry, this multinational entertainment company offers all facets of entertainment, including music, films, television, and amusement parks. The company's various business units depend, more than other corporations, on leveraging and interweaving products from individual business units with other properties. If, for instance, the company produces a hit film, then the film's success is leveraged through the company's other media assets becoming an amusement park ride or a TV spin-off. Because of this company's global presence, the challenge of successfully taking one piece of content and translating it into a new medium is compounded.

To keep everyone on the same page, the company has deployed 225 videoconferencing systems throughout the United States over the past six years. The

company cites the value of the video deployment in enabling employees to "personalize" conversations in ways voice cannot. The company relies upon video collaboration to help keep projects on schedule. Meetings are conducted virtually, without wasting time traveling to a location.

An emerging trend at the company is the creation of virtual teams using video to collaborate on projects. An amusement park designer may be located in Europe but collaborates with engineers located in the United States. This happened in the design and completion of the company's Hong Kong theme park. During the final phase of the project, key team members were stranded, both inside and outside Hong Kong, as a result of the SARS epidemic. The company shipped videoconferencing units to the teams during the crisis and they were able to meet the project deadlines.

This company also requires that its third-party contractors and partners have some type of videoconferencing capability in place to enable progress updates. Overall, the company has seen a 10–15% increase in productivity that it attributes to the deployment of videoconferencing. New project completion timetables now assume videoconferencing as a tool.

One of the biggest users of videoconferencing is the company's theme park division, which is charged with designing its rides and resort properties. Recently, the division was tasked with moving a complete ride from California to Florida. Of course, a project of this scale requires a collaborative effort between teams on both coasts to install the equipment on a timely basis. To keep to a tight installation schedule, the engineering team relied heavily on video not only to collaborate on progress during weekly meetings but also to help solve onsite problems. A portable video camera transmitted images of problems to remote engineers who were able to collaboratively solve the problem without stopping work to await the arrival of engineers traveling to the site. Videoconferencing is also used by studio personnel to remotely review storyboards for films before production begins as well as to review ideas for videogames. By reducing the need for onsite meetings and being able to solve problems in real time, the company believes that it can bring products to market 10–15% faster.

THE FUTURE: CAN YOU SEE ME NOW?

High-definition (HD) videoconferencing systems are becoming an increasingly important part of the corporate collaborative toolset. These systems transmit crystal-clear video and audio experiences that enable users to catch the most subtle changes in facial expression as well as the most understated changes in speech patterns and tones. A new variation on the HD experience, commonly referred to as telepresence, promises to bring a truly realistic experience to end users. Telepresence mimics an in-person meeting as closely as possible by combining very-high-quality audio and video communications within two nearly identical physical environments that include furniture, lighting, and other interior design features. In this "immersive" video experience, participants feel as if they are sitting in the same room. Thus, effective communications are delivered with the most effective multiple channels of undistorted input — all in real time. Telepresence can deliver the richness of a face-to-face conversation, enabling end users to move beyond the confines of

the physical environment and into a less restrictive and more collaborative virtual environment. In discussing the future for video collaboration, most respondents said that they are exploring the use of HD systems, especially telepresence, to create a more engaging user experience. Telepresence creates a virtual collaborative platform and the utility of HD cannot be understated, especially in applications such as product development and design. The ability to clearly see the smallest detail is nothing less than an insurance policy against delays in bringing products to market.

Beyond deploying standalone HD and telepresence systems, respondents were also making plans to push HD video collaboration tools to the desktop to enable ad hoc conferencing. In all cases, respondents underscored the necessity of delivering the same high-quality experience they have come to expect from their room-based video systems onto their desktop video solutions. It should be underscored that these HD desktop solutions are not some improved off-the-shelf consumer desktop video solutions; rather, they are purpose-built solutions that enable enterprise, business-quality collaboration. Although IDC has not published a formal opinion on the demand for an HD desktop videoconferencing solution, we believe that deployments are at least two years away.

CHALLENGES AND OPPORTUNITIES

Given the changing dynamics in the workplace as well as the advances in technology, IDC believes that video collaboration is becoming a critical corporate communications tool. However, as with any technology, there are often challenges when deploying new capabilities to end users. At the same time, IDC believes that implementation and other operational issues can sometimes obscure the potential of any new technology-based applications or tools. In highlighting both the challenges and the opportunities of video collaboration, IDC suggests the following:

Challenges

- ☒ **Changing end-user behavior.** Corporate employees often view the deployment of new technologies and applications with some skepticism. In the case of video, some of this skepticism is supported by past experiences with antiquated technology. In overcoming employee resistance to video collaboration efforts, IDC suggests that companies allow employees to explore and customize the way they can best employ video to collaborate. Of strategic importance will be the creation of a corporate collaboration policy that connects video with other collaborative technologies

- ☒ **Standards.** A number of vendors are offering platforms that utilize proprietary standards. To support increasing use of video, vendors should look to adopt open standards so that endpoints from different manufactures can interoperate.

- ☒ **External deployments.** Although interview respondents are beginning to use video to work collaboratively with both suppliers and customers, there is still room for improvement. Corporations should look to develop stronger relations with suppliers and customers through video collaboration. To encourage video collaboration with suppliers, video usage should be built into RFPs. Convincing partners to utilize video can be more difficult. However, it is important to remember that video collaboration with partners will not always happen overnight but instead can be part of a longer conversation.

Opportunities

- ☒ **Expanding beyond the enterprise.** As video usage begins to take hold in both enterprise and consumer markets, IDC believes that deploying video in the contact center could help agents and customers solve problems quicker.
- ☒ **Video to the desktop.** As stated earlier, IDC believes that pushing videoconferencing capabilities to the desktop represents a significant opportunity to increase ad hoc collaboration in the enterprise. However, we believe that the current experience often delivered by consumer-grade hardware will need to be improved significantly.
- ☒ **Communities of interest.** Increasingly lower-bandwidth pricing will reduce the overall cost of dense deployment of videoconferencing tools, especially HD to the desktop. This in turn will allow more users to experience the benefits of video collaboration. We believe that familiarity breeds increased usage and increased usage could foster "communities of interest" across corporations or even beyond company boundaries. IDC believes that adding video to the collaborative process will help foster communities of creation that also go outside the boundaries of traditional business silos. Video conveys all of the subtleties of human speech, including facial expression and gesture and thus provides a clearer understanding of salient discussion points.

CONCLUSION AND RECOMMENDATIONS

IDC recommends the following actions for enterprises looking to invest in video collaboration:

- ☒ Look for systems that highlight simplicity and modularity. Bells and whistles are nice to have, but no one will use a system that is difficult to use.
- ☒ Look to integrate a variety of applications into a videoconferencing system to proliferate collaboration.
- ☒ Validate your video strategy by taking a stepped or phased approach to deployment.
- ☒ Start with one department, measure the impact on that line of business, and then extend to the entire organization.

- ☒ Set aside resources to train employees on how to use the system. IDC believes that comprehensive training programs are the key to video becoming embedded in the corporate culture.
- ☒ Develop a set of best practices to help employees get the most out of video collaboration.
- ☒ Engage with key customers and partners to enable videoconferencing capabilities outside the walls of your company. In some cases, offering to pay for all or part of a system can aid in strategic partnering as a competitive advantage.
- ☒ Enable tracking to monitor usage. This can serve as a benchmark in terms of how the system is being used as well as justification in the purchase of additional units.
- ☒ Look for systems based on open standards that can leverage your installed base and heterogeneous communications environments.
- ☒ A standalone videoconferencing system by itself does not create a collaborative environment. Therefore, when you consider collaboration, think about the technology and reassess core business practices and rules. Linking the two is essential to success.

APPENDIX

Methodology

The information provided in this document is derived from interviews conducted over a period of two months. The pool of companies consisted of 11 national or multinational corporations that agreed to be interviewed for this project. The companies interviewed tended to be Fortune 1000 or higher. In each case, the respondents were asked to quantify the impact of videoconferencing in helping them work more collaboratively or in helping their companies gain a competitive advantage. In some cases, respondents were not able to quantify their experience; however, all were able to affirm their experience in a qualitative manner. All of the respondents were senior IT staff members and were responsible for deploying video into line-of-business applications.

Definitions

The technology terms used throughout this white paper are defined below. From time to time, respondents may have misinterpreted or defined a technology differently from the definition that is used by IDC. In all cases, IDC has sought to normalize the differences between the definitions.

- ☒ **Collaborative applications and services.** This refers to a combination of hardware and software designed to enable groups of end users to work together by sharing information and processes through a variety of applications. Examples include instant messaging, presence, and video conferencing.
- ☒ **Collaboration.** This refers to a shared or joint approach to accomplishing a specific task between two or more persons. The task could be part of an informal working relationship or part of a highly defined and managed project.
- ☒ **Large business.** Also known as an enterprise, a large business is a company with 500 or more employees.
- ☒ **Medium-sized business.** Medium-sized businesses encompass companies with 100–499 employees.
- ☒ **Small business.** Small businesses are companies with fewer than 100 employees, including branch-office workers. IDC does not include home-based businesses (i.e., home offices) or small office/home office (SOHO) businesses in this category unless they purchase services tariffed at business rates.

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