

I D C E X E C U T I V E B R I E F

Video Telephony: Completing the Picture of Unified Communications Effectiveness

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Adapted from [Key Trends in Enterprise VoIP 2007: Customer Perspectives on Unified Communications](#) by Nora Freedman and Abner Germanow, IDC #208643

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Introduction

Unified communications (UC) is a term that has been heralded in the telephony and network markets as the IT architecture that will streamline business processes and break down the distinct silos of communications within the enterprise. IDC defines unified communications as a solution platform that adds advanced IP telephony calling and management; Web, audio-, and videoconferencing; instant messaging; and pervasive presence management and awareness — all accessible through desktop and mobile devices.

Since this is not a monopoly market opportunity for a single vendor, a plethora of solution providers are eager to provide solutions that will reside in the UC technology ecosystem. Thus, the early timing of this next-generation communications will allow customers to leverage a variety of sources of features and functionalities that are most appropriate for their organizations.

In particular, video and IP telephony have reaped the benefits of the market momentum that UC has generated over the past 12 months. The corresponding video-and-voice solution providers are beginning to help customers transform the way they communicate internally to colleagues and branch offices as well as externally to customers and partners.

Enterprise use of video integrated with robust phone features is more than just employees viewing streaming video clips or using social networking sites during the workday. Current videoconferencing technology has improved the user experience such that it's now a viable mode of business communications internally among employees and externally with partners and customers. The seamless blending of high-quality audio and video provides additional advantages to users on both sides of a virtual meeting, since all are privy to the nonverbal cues that add more context to the dialogue.

As enterprise IT buyers become more savvy and are faced with increasing pressure to decrease IT costs, they're looking for solutions with returns on investment (ROIs) that can apply to more than just a select group of employees. Similar to the concept in Metcalfe's law, which states that the usefulness of a network improves by the square of the number of nodes on that network, the value of a desktop video-plus-phone solution is proportional to the number of users connected to it.

Therefore, prospective enterprises will need to democratize the use of what IDC believes is the next step in UC — the convergence of video and phone devices to a simple, single comprehensive replacement system for core communications and collaboration. In this way, the newly evolved UC communications infrastructure will provide true value to organizations.

Benefits

The key benefits of a video telephony conferencing solution center around the following themes:

- **Extension of UC platform.** The use of UC solutions should not stop at the traditional forms of communication modes via email and the phone. Video telephony conferencing can be added to the list of practical communication modes and can further enrich the user experience at the desktop via a unified software client. Videoconferencing becomes as simple as a phone call. Customers should examine which videophone systems are already compatible with their UC solutions.
- **More robust communications medium.** With videophone-based communications, all participants are aware of the nonverbal cues (*kinesics*) given by the speaker and the listener, which can enhance the dialogue between participants and increase the chance of understanding. Higher-resolution screens and cameras can also maximize the experience. Nonverbal cues can be particularly helpful for negotiations and collaboration among different cultures. Think of how many times incongruent behaviors between speech and nonverbal cues have raised a caution flag during a discussion.
- **Increased team collaboration.** Team members not only can hold more meetings throughout the day via videoconference by eliminating travel times between locations but also can have more effective meetings since they access their business-critical applications and information from their desks during these sessions. Over the past year, enterprises worldwide have rolled out UC solutions that integrated formerly siloed communication methods (voice, video) such that business flows are streamlined and optimized across the organization and made accessible by both desktop and mobile devices. For companies that have incorporated video telephony into their UC architectures, meeting participants minimize the human delay between participant handoffs, as information is more easily passed among the team.

- **Access for remote workers and teleworkers.** It's often hard for users who aren't located at headquarters or don't spend 100% of their time in the office to feel connected to their colleagues. Remote workers and teleworkers are also more likely to pay closer attention to conversations held via a video telephony conference than via an audio-only teleconference because they cannot hide and are less likely to multitask during the meeting.
- **Reduction of travel expenses and carbon footprint.** The recent increases in the cost of gas have made the cost of air travel prohibitive for many road warriors and occasional business travelers. Not only has airline travel been affected, but so too has travel by car or bus. Therefore, enterprises and their employees are looking for more effective ways of meeting virtually without having to spend money on an airline ticket or a tank of gas. In conjunction with new corporate initiatives to limit business travel, there has been an increase in initiatives directed at corporate social responsibility and decreasing carbon footprints. Thus, videophone conferencing can have the dual benefit of travel savings and green IT compliance for organizations.

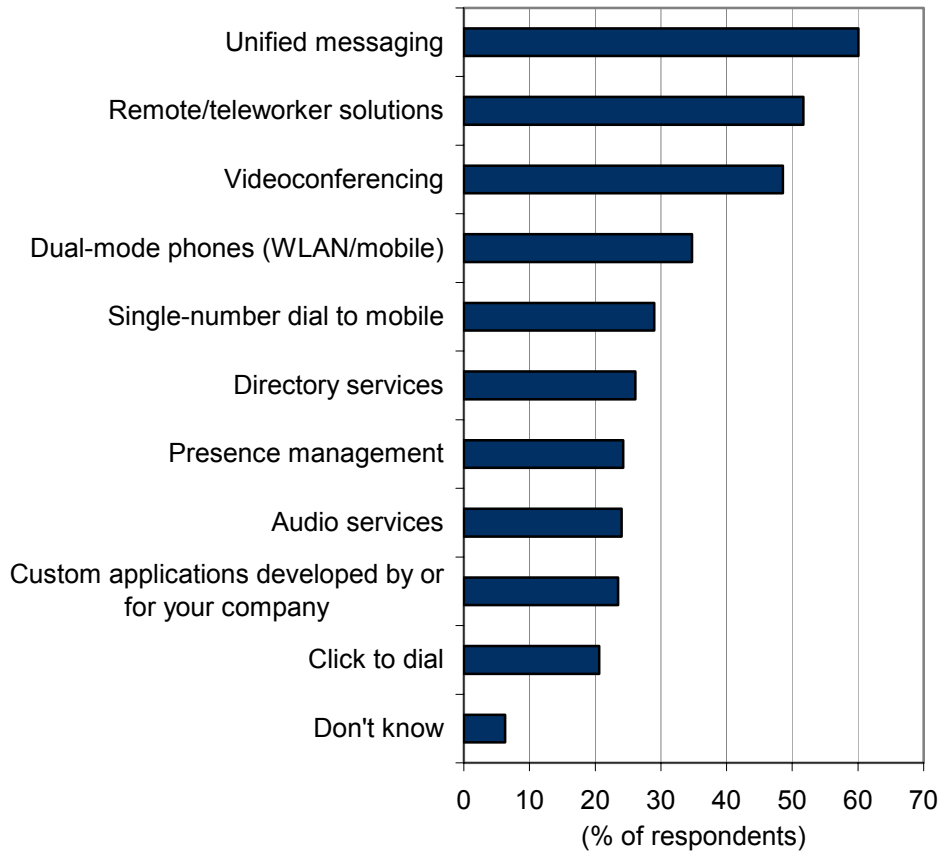
Trends

Based on a Web survey of U.S. enterprises conducted with *InfoWorld* in June 2007 (see Figure 1), IDC found that the most popular applications driving future data and telephony network investment are unified messaging, remote/teleworker solutions, and videoconferencing. Thus, our survey respondents have already identified the need and demand for these types of solutions within their organizations and consequently have allocated budget to pay for them.

Figure 1

Applications Driving Future Data and Telephony Network Investment

Q. Which applications do you think will most likely drive future investment in your company's data and telephony network budget?



n = 383

Base = respondents whose company's telephony infrastructure consists or will consist of any telephony solutions

Note: Multiple responses were allowed.

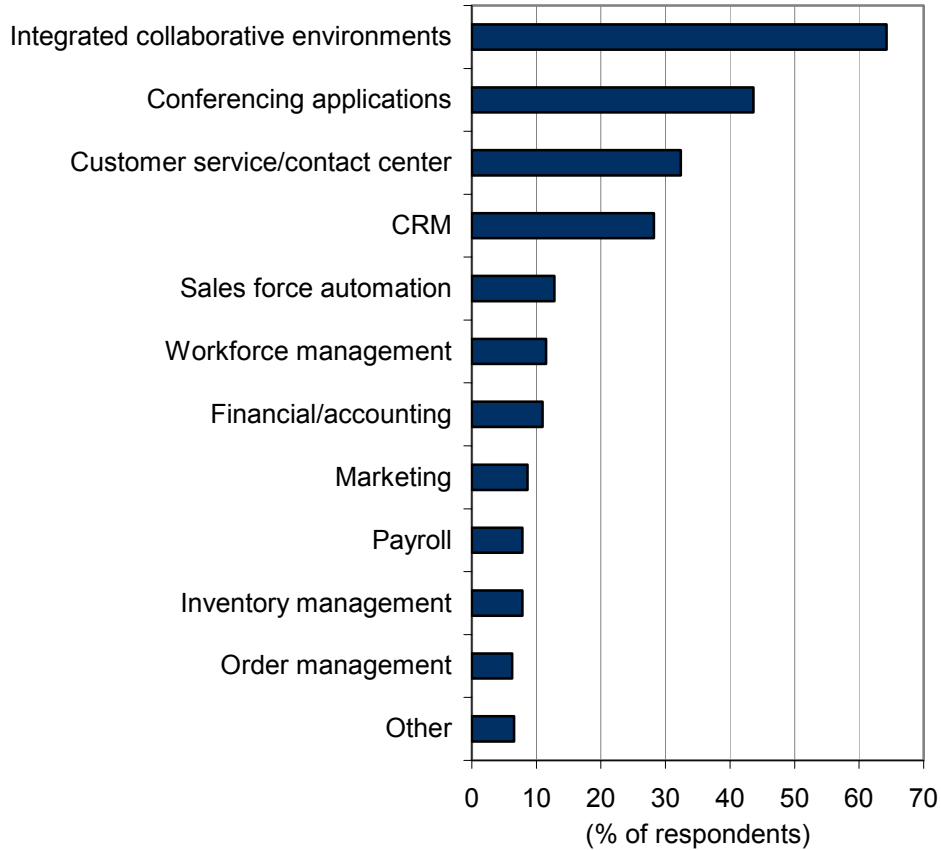
Source: IDC and *InfoWorld's Enterprise VoIP Survey, 2007*

But these application investments are just beginning to solve some of the communications challenges in enterprises today. There is still a gap between the communications integration available from solutions today and the most common applications used in the enterprise. In Figure 2, the top 3 applications that our survey respondents wished would have had communications functionality are integrated collaborative environments (e.g., Microsoft Exchange, Lotus Domino), conferencing applications, and customer service/contact center applications.

Figure 2

Applications to Integrate with Communications Functionality

Q. *If you were going to integrate communications functionality with existing business applications, which applications would you use?*



n = 383

Base = respondents whose company's telephony infrastructure consists or will consist of any telephony solutions

Note: Multiple responses were allowed.

Source: IDC and *InfoWorld's Enterprise VoIP Survey, 2007*

Considerations

IDC suggests that end users who are investigating new UC solutions (especially those with video components) consider the following factors:

- **Device price points.** The discussion of device and solution price points is key to any customer's adoption of new equipment. Customers should evaluate not only the one-to-one replacement value of next-generation communication solutions but also if a consolidated device is a more appropriate tool for the user role (even if it's more expensive than the device or solution being replaced).

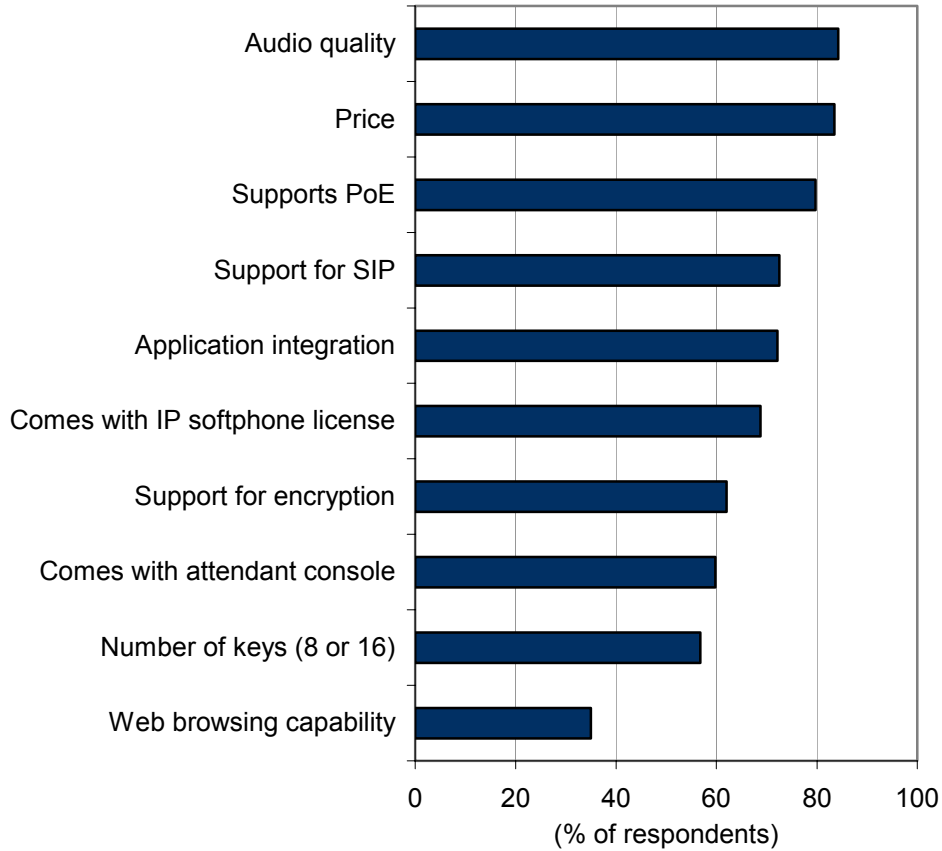
- **Native integration and compatibility features available with existing communications infrastructure.** IDC believes that the ease or difficulty of installing new video telephony solutions is highly determined by this consideration. All of the major IP telephony vendors and UC providers have a specific group of certified partners with solutions and endpoints that have been tested in lab and customer environments. These certifications have been completed not only to ease the deployment and installation of these solutions but also to help minimize the cost of additional and/or unforeseen middleware and professional services in order to make a heterogeneous UC environment work. Particularly when it comes to endpoint devices, organizations should be aware of compatibility with their existing LDAP and Active Directory systems, as having a single directory will ease system management and administration.
- **Endpoint standards compliance.** IDC also highlights the need for enterprises to consider what industry standards they need to adhere to and which solutions are compliant. In the majority of next-generation communication solutions today, Session Initiation Protocol (SIP) is the predominant communications standard in UC solutions. IDC also suggests that companies keep an eye on legacy standards and media codecs (e.g., H.263, H.264) their systems will run on.
- **Desktop footprint consolidation.** Not only has travel become more expensive for business travelers, but so too has the cost of real estate. Customers can explore the opportunities of having consolidated devices that free up desk space for enterprise users while also minimizing the number of devices with which they will have to interact.

Figure 3 shows how respondents rated the importance of other key criteria when selecting their desired IP phones.

Figure 3

Key Selection Criteria for IP Phones: Top 2 Box Scores, 2007

Q. *If your company is using or considering purchasing IP telephones, please rate the importance of the various factors to your organization when selecting IP telephones for purchase.*



n = 266

Base = respondents whose company is using IP telephones and/or is considering IP telephones for purchase during the next 12 months

Notes:

Multiple responses were allowed.

Data represents percentage of respondents ranking each criterion important or very important.

Source: IDC and *InfoWorld's Enterprise VoIP Survey, 2007*

Conclusion

As more and more companies become aware of the promise of unified communications and the viability of integrated video telephony as a business communications medium, they will need to be more critical of the solutions that they investigate, as well as more strategic about the solutions they choose to adopt. Strong ROIs and lower TCOs can be achieved if those same companies keep in mind how these solutions can provide the following:

- Improve customer satisfaction through robust interactions
- Stimulate more internal collaboration within the enterprise by breaking down communication silos
- Increase the number of effective meetings or transactions during the day
- Reduce travel expenses and carbon emissions in the environment
- Consolidate desktop real estate
- Simplify device and network management and administration

After product pilots have been vetted and completed, IDC advises customers to examine broad deployments of video telephony solutions beyond the initial trial group. If ROI cases can be tied to a line-of-business unit (particularly in vertical market scenarios, such as healthcare and financial services), then that respective business unit can help fund this UC upgrade as a way to drive business growth. Consequently, this will relieve the IT struggle of being perceived as a mere cost center, and predictable and unforeseen ROIs can be achieved by allowing the next generation of UC — integrated desktop video and phone systems — to be distributed throughout the organization.

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