

Enterprise Video Collaboration

The ROI of Video in Sales, Product Development, and Project Management

August 2009

Hyoun Park

Executive Summary

This report is designed to demonstrate how enterprise video collaboration brings a defined Return on Investment (ROI). Instead of focusing on vertical uses, this report focuses on everyday use within the enterprise for tasks such as sales, customer care, project management, product development, and talent acquisition.

Best-in-Class Performance

Aberdeen used four key performance criteria to distinguish Best-in-Class companies, defined as the top 20% of performers among all respondents:

- 54% of employees have used video collaboration over the past year
- 66% tracked ROI for a video collaboration solution
- Annual ROI of 94% demonstrated for video collaboration solution
- 42% reduction in travel time after implementing video collaboration

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics. These companies are:

- **Two-and-a-half times more likely** than all other companies (includes Industry Average and Laggards) to use employee feedback to determine efficacy of video collaboration
- **92% more likely than Laggards** to use a PC web client for video collaboration
- **191% more likely** to have a business-to-business video calling ability compared to all other companies

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Create a remote worker policy to ensure that employees get the greatest value from their video collaboration solutions
- Take specific efforts to align and optimize business processes through video collaboration

Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"We are shifting from extended pilots that used different tools and approaches to increased standardization for our video collaboration solution."

~ Consultant, Government Agency

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Chapter One: Benchmarking the Best-in-Class

Business Context

Video conferencing has crossed the chasm separating technological gadgets and vital enterprise enablers. As enterprises and small companies increasingly become both global and remote, they are seeking tools that allow for improved collaboration and optimal utilization of their most valuable employees, contractors and resources. As these firms seek to maximize the value of geographically dispersed talent, resources, and experiences, the importance of visual communication has increased in promoting teamwork and accelerating problem-solving processes, as well as in reducing the need for travel costs associated with face-to-face in-person meetings.

As the adoption of video conferencing and underlying network capabilities have spread throughout the enterprise environment, remote meetings and interviews have become more effective, realistic, and credible. Based on the findings from our December 2008 report, [*Being in Two Places at Once: Telepresence versus Videoconferencing in the Enterprise*](#), the utilization of video conferencing increases dramatically based on the proper strategies used to implement video. In that research study, 60% of Best-in-Class companies saw the increase of video collaboration availability for employees as a key strategic action. This strategic view helped these companies to realize benefits of:

- 24% decrease in corporate travel costs
- 56% greater utilization of fixed videoconferencing resources
- 63% acceleration of set up for individual video meetings

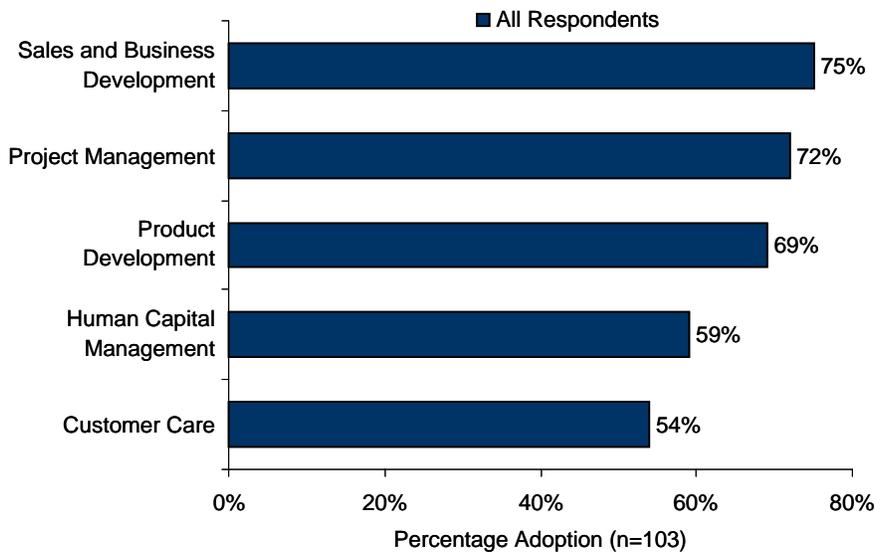
By understanding which capabilities and technologies best facilitate the adoption and value of video conferencing, companies can leverage video as a productivity enhancer, rather than simply treat their conferencing equipment as a toy.

In our current research, Aberdeen has found that companies successfully implementing video in the work place have been able to embed video collaboration throughout the enterprise. It is no longer simply a tool to enable executive conversations or to provide the equivalent of a first-class ticket to VIPs and important clients. With the reduced cost structures of endpoints, the reduced need for bandwidth, the increased adoption of standards-based video, and the ease of implementation, video has transformed into a collaborative tool that enhances voice communications in the enterprise (Figure 1).

Fast Facts

- √ On average, video-using respondents have seen an 8% decrease in their carbon footprint after enabling a solution
- √ The typical respondent has reduced travel costs by 19% since enabling a solution

Figure 1: Video Collaboration throughout the Enterprise



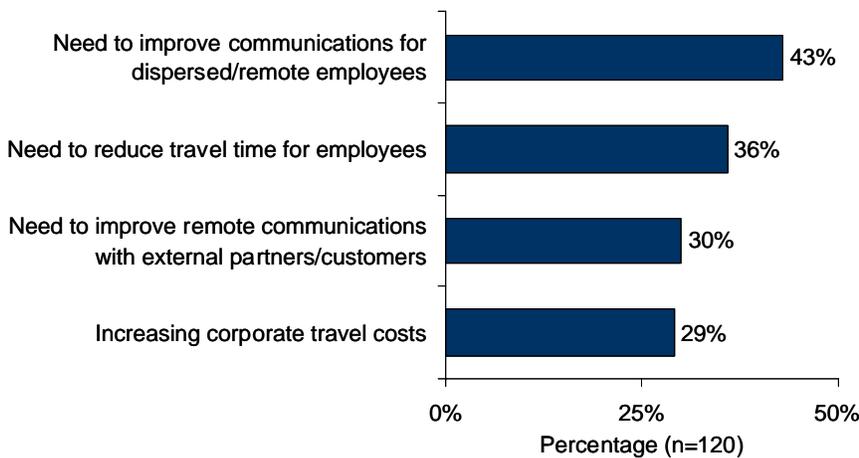
Source: Aberdeen Group, August 2009

In each of these categories, organizations were able to see specific process improvements, cost efficiencies, and revenue improvements based on their specific implementations.

Best-in-Class Pressures Driving Video Adoption

When businesses looked at the overriding demand to use video, there were four top pressures that appeared. Although these pressures appeared similarly weighted, there was a significant shift once the business performance of these respondents was considered (Figure 2).

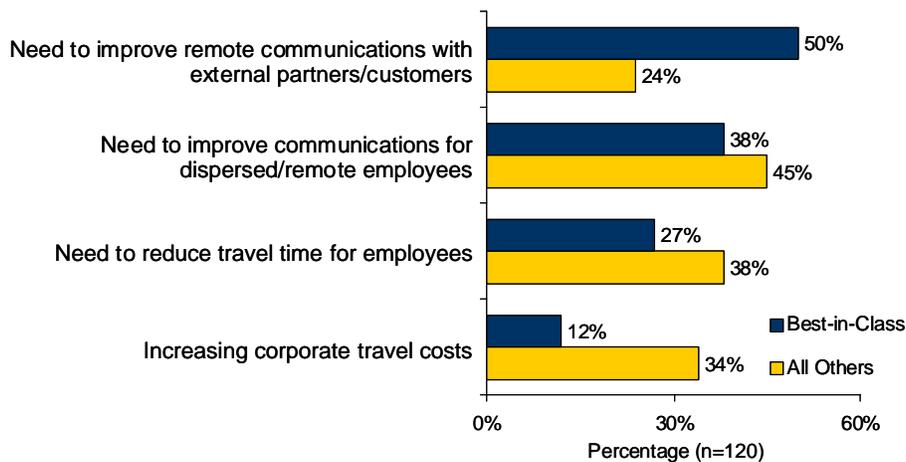
Figure 2: Top Business Pressures for All Respondents



Source: Aberdeen Group, August 2009

When these respondents were split into Best-in-Class and all other companies, a clear pattern began to emerge between organizations focused on external communications and those focused on internal collaborative or travel-based goals. Best-in-Class companies showed a clear strategic focus on improving their communications with outside partners, customers, and contacts whereas all other companies were still looking internally at the travel cost and the challenges of connecting remote and dispersed employees (Figure 3).

Figure 3: Top Pressures for the Best-in-Class



Source: Aberdeen Group, August 2009

Although internal collaboration is important, it is the challenge of using video as an external communications tool that has proven to be most effective in driving both the internal adoption of video as well as measurable ROI and business benefits.

The Maturity Class Framework

Aberdeen used four key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations. These business metrics were used to identify video collaboration respondents that have achieved measurable value from their video solutions. Throughout the course of this document, the term "Best-in-Class" will be used to define companies that consistently excelled in the following four business performance metrics (Table I):

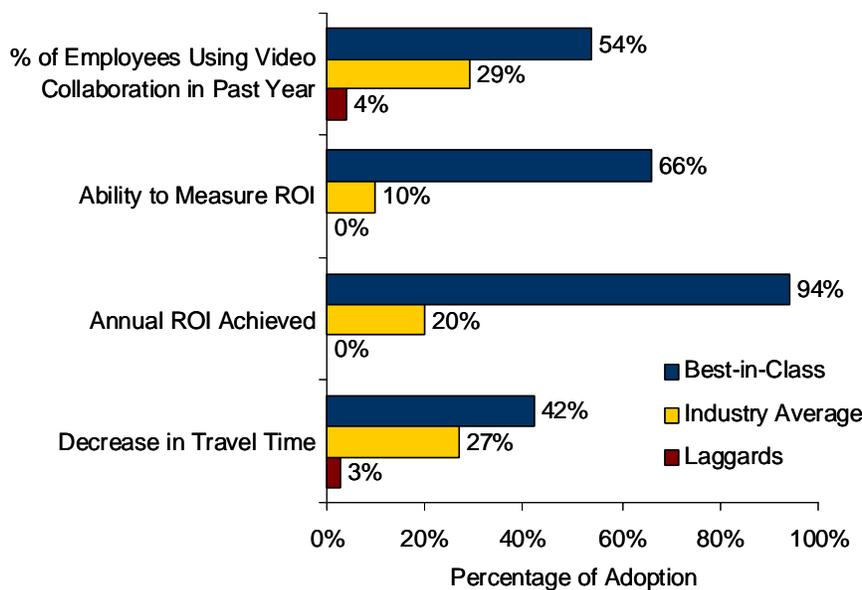
- Employee adoption of video collaboration
- Tracking of video-based ROI
- Actual video-based ROI
- Decrease in travel time after implementing a solution

Table 1: Top Performers Earn Best-in-Class Status

| Definition of Maturity Class | Mean Class Performance |
|---|---|
| Best-in-Class: Top 20% of aggregate performance scorers | <ul style="list-style-type: none"> ▪ 54% of employees have used video collaboration in the past year ▪ Averaged 94% annual ROI for video collaboration solution ▪ 66% could provide ROI for video collaboration ▪ 42% decrease in travel time after implementing solution |
| Industry Average: Middle 50% of aggregate performance scorers | <ul style="list-style-type: none"> ▪ 29% of employees have used video collaboration in the past year ▪ Averaged 20% annual ROI for video collaboration solution ▪ 10% could provide ROI for video collaboration ▪ 27% decrease in travel time after implementing solution |
| Laggard: Bottom 30% of aggregate performance scorers | <ul style="list-style-type: none"> ▪ 4% of employees have used video collaboration in the past year ▪ Annual ROI was not available for Laggard companies ▪ 0% could provide ROI for video collaboration ▪ 3% decrease in travel time after implementing solution |

Source: Aberdeen Group, August 2009

Figure 4: Defining the Best-in-Class for Video Collaboration



Source: Aberdeen Group, August 2009

Best-in-Class companies, representing the top 20% of our respondents, ended up with superior performance in their departmental usage of video collaboration compared to all other respondents (Table 2).

Table 2: Best-in-Class Improve Throughout the Enterprise

| | Best-in-Class | All Others | Overall |
|----------------------------|--|------------|---------|
| Product Development | Improvement in time to evaluate new ideas | | |
| | 31% | 11% | 18% |
| | Improvement in overall time of product development | | |
| | 21% | 16% | 18% |
| Talent Acquisition | Improvement in First-Year retention Rate | | |
| | 6% | 0% | 3% |
| | Improvement in Cost-per-Hire | | |
| | 15% | 8% | 11% |
| Customer Care | Improvement in up-selling/cross-selling revenue | | |
| | 22% | 12% | 17% |
| | Improvement in completing customer requests | | |
| | 21% | 14% | 17% |
| Sales | Improvement in identifying sales opportunities | | |
| | 10% | 5% | 7% |
| | Acceleration in time to close opportunities | | |
| | 10% | 6% | 8% |
| | Improvement to overall sales cycle | | |
| | 12% | 9% | 10% |
| Project Management | Improvement in time to complete project | | |
| | 12% | 9% | 10% |
| | Reduction of cost for strategic projects | | |
| | 12% | 9% | 10% |

Source: Aberdeen Group, August 2009

The Best-in-Class PACE Model

Using video collaboration to improve business processes requires a combination of strategic actions, organizational capabilities, and enabling technologies that can be summarized as shown in Table 3.

Table 3: The Best-in-Class PACE Framework

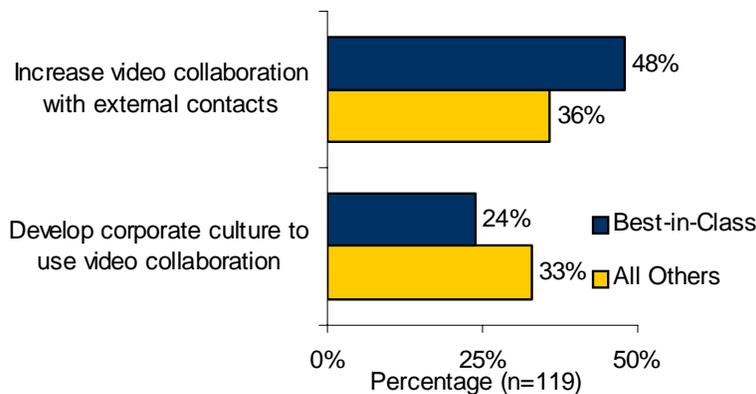
| Pressures | Actions | Capabilities | Enablers |
|---|---|---|--|
| <ul style="list-style-type: none"> ▪ Demand for remote external communications with partners and customers | <ul style="list-style-type: none"> ▪ Increase video collaboration with external customers, partners, and contacts ▪ Improve access to remote employees, skill sets, and resources | <ul style="list-style-type: none"> ▪ In-house support staff for video collaboration ▪ Enterprise remote worker policy ▪ Presentations to support internal video collaboration adoption ▪ Centralized scheduling capability for video collaboration resources ▪ Roadmap for future adoption of collaboration technologies ▪ Business-to-business video calling ability | <ul style="list-style-type: none"> ▪ High definition displays with 720p or higher (83% Best-in-Class adoption) ▪ PC Web client (75% Best-in-Class adoption) ▪ High frame rate with 30 fps or higher (75% Best-in-Class adoption) ▪ Movable / adjustable screens (74% Best-in-Class adoption) ▪ Dedicated bandwidth for video collaboration (64% Best-in-Class adoption) |

Source: Aberdeen Group, August 2009

Best-in-Class Strategic Actions

To meet those challenges of these pressures, there are two top strategies that Best-in-Class companies have pursued (Figure 5).

Figure 5: Best-in-Class Strategies



Source: Aberdeen Group, August 2009

Although Best-in-Class and all other companies agreed that improving corporate-wide access to remote resources was important, they differed significantly on the strategy needed to best enable video collaboration.

The Best-in-Class focus on the tools and capabilities needed to increase video collaboration outside the company. Once this tool becomes a primary channel to communicate with partners and customers, video must be optimized both from a technical perspective and from a cultural perspective. It is no longer good enough to simply install a product and allow employees to deal with ad-hoc failures, since any failures in video collaboration become part of the outward-facing profile of the company. However, the companies

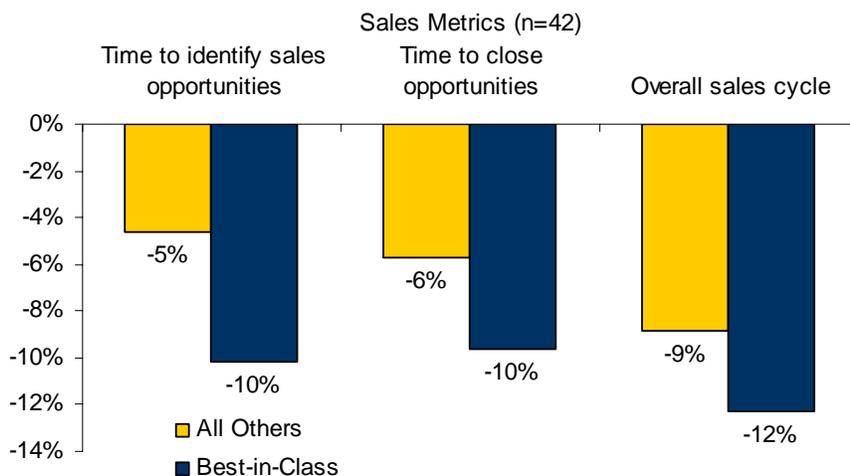
that take this leap of faith are more likely to be those Best-in-Class respondents that have seen a clear and measurable ROI from their video solutions. These steps include the need to improve interoperability with other systems or the need to provide software or hardware to key contacts to allow the company to use video on an everyday basis.

In contrast, all other companies, representing the bottom 80% of respondents, are still struggling to develop an initial culture that is able to accept video collaboration. This step should not be taken lightly, since the greatest and most advanced video technologies are useless if the organization does not embrace the use of video. Although Best-in-Class companies have progressed past this point, this culture is strategically important to gaining business value from a video collaboration solution.

Sales and Business Development

On average, the sales cycle for companies using video was six months, with 21% of respondents having a sales cycle of less than one month, 42% between one and six months, and 37% over six months. They associated 11% of total revenue as being dependent on video-enabled business processes and equated video with a 9% increase on these video-based revenues. In total, effective video implementations drove a 1% increase in total revenues. Which process enhancements allowed these revenue improvements to take place? After implementing video into their sales processes, video-enabled sales organizations saw the following benefits (Figure 6). By reducing the time needed to identify and close sales opportunities, video collaboration allowed these organizations to accelerate the sales cycle and increase revenues.

Figure 6: Video Benefits for Sales and Business Development

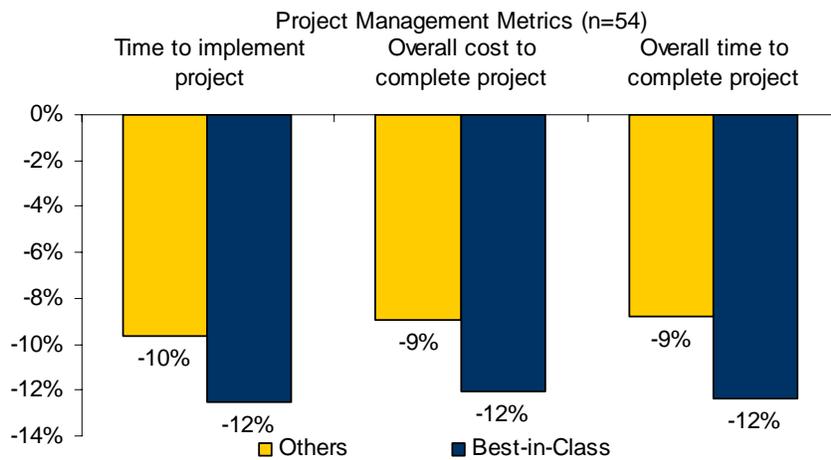


Source: Aberdeen Group, August 2009

Project Management

The typical strategic project length for these video-enabled organizations was 11.2 months and had a total cost of over \$900,000, meaning that the projects involved were long-term and of significant value to the company. Organizations that used video for their project implementations saw the gains shown in Figure 7.

Figure 7: Video Benefits for Project Management



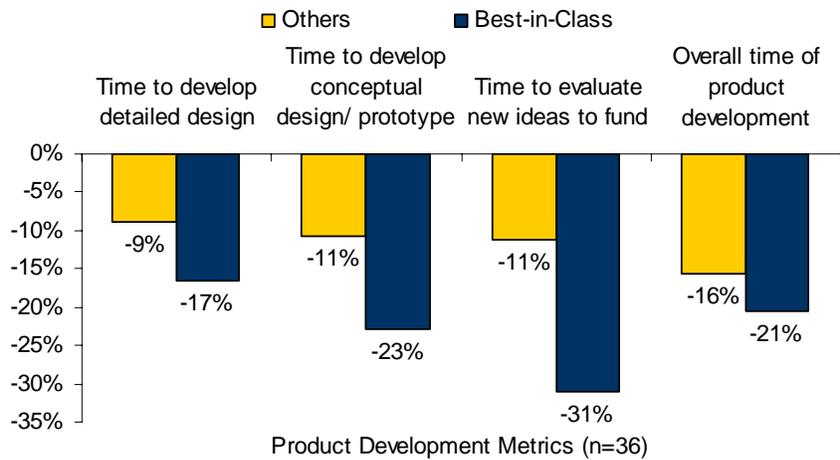
Source: Aberdeen Group, August 2009

These cost and time reductions were a result of the travel saved and the more immersive remote collaborations that were made possible through video. By cutting over a month of time and \$100,000 from a typical project, Best-in-Class companies brought strategic initiatives to life more quickly. Chapter Two will provide additional information regarding the capabilities and technologies used to create these environments.

Product Development

In the past year, the typical video-enabled product development organization was tasked with the challenge of pulling together nine remote sites and spent over a year to develop each product. In implementing video, organizations saw the benefits shown in Figure 8.

Figure 8: Product Development Improvements Enabled by Video



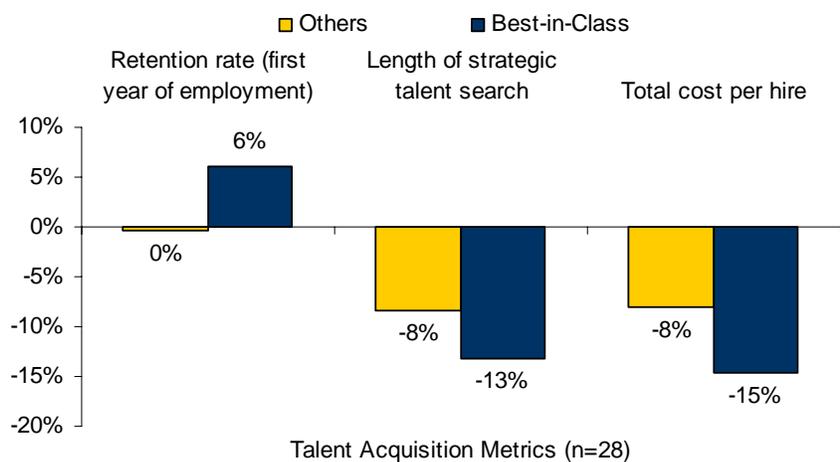
Source: Aberdeen Group, August 2009

This 21% improvement in overall product development achieved by Best-in-Class companies represents a strategic advantage over other companies in bringing products to market. By increasing the availability of strategic resources and providing more detailed remote interactions, Best-in-Class companies are able to enable their employees to keep up with the demands of customers and the evolution of their own markets.

Human Capital Management

For strategic hires, companies reported an average time-to-fill duration (from requisition to offer acceptance) of 13 weeks. After implementing video, they also saw improvements in their time-to-fill, retention rate, and their total cost per hire (Figure 9).

Figure 9: Talent Acquisition Improvements Enabled by Video



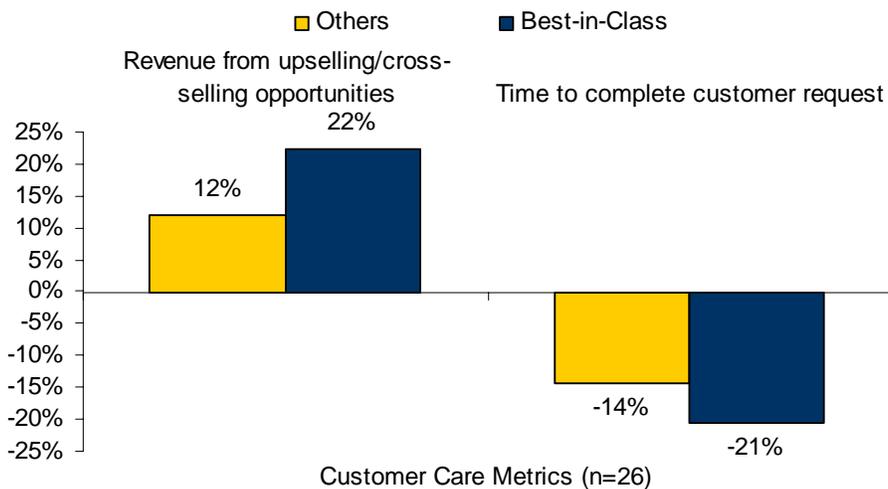
Source: Aberdeen Group, August 2009

Interestingly, the difference between Best-in-Class companies and all others was not only defined by the cost and the time spent on the talent search, but also by quality of hire. Best-in-Class companies saw a 6% improvement in retention rate after adopting video into their talent acquisition process. By expanding their talent search, increasing their pool of viable and qualified candidates, and improving their knowledge of the candidate's fit within the organization, Best-in-Class organizations were able to use video to improve their strategic talent acquisition process.

Customer Care

Customer care represents one of the ultimate challenges of video collaboration, since it forces the company to use video as an outward-facing extension of its brand and a tool to maintain customer satisfaction. The average time needed for video-enabled companies to fully resolve a customer care issue was 12 hours with 41% of companies seeing resolution times of less than one hour and another 36% seeing resolution between one and four hours. When they were asked to quantify the effects of video on key customer metrics, they found the results shown in Figure 10.

Figure 10: Customer Care Improvements Enabled by Video



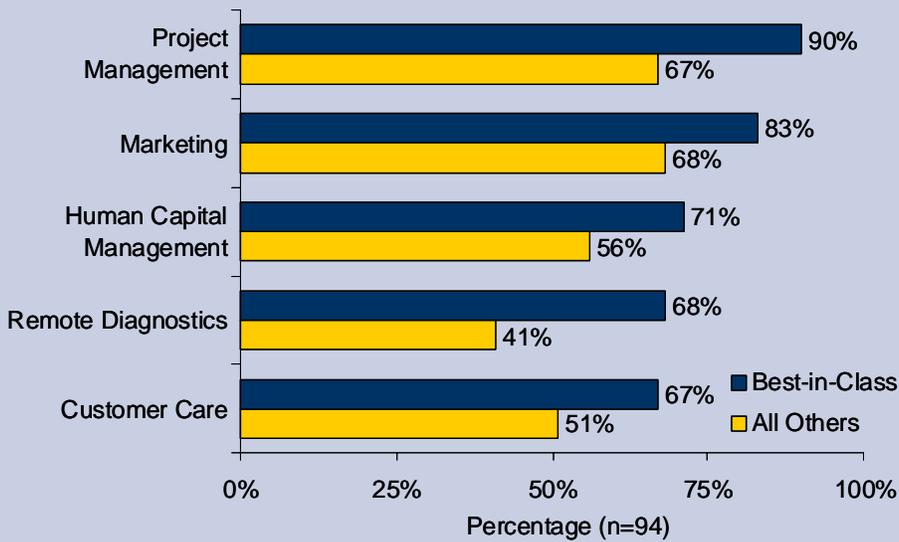
Source: Aberdeen Group, August 2009

Although all video-enabled customer care departments saw improvement in their customer satisfaction, Best-in-Class companies were able to leverage video to see other business improvements as well. Their virtual face-to-face capabilities allowed them to maximize revenue from upselling and cross-selling opportunities. In addition, these top achievers were also more efficient in completing customer requests compared to their peers.

Aberdeen Insights — Bringing Video to the Masses

In studying the Best-in-Class, it becomes obvious that they have truly embraced the use of video throughout their organization whereas all other respondents are still picking and choosing the departments that should be using video collaboration (Figure 11).

Figure 11: Adoption of Video Throughout the Enterprise



Source: Aberdeen Group, August 2009

The value of video in strategic project management, human capital management, and customer care have already been established, but Best-in-Class companies also saw value in adding video to their marketing and diagnostics efforts.

Remote diagnostics can be seen from a variety of perspectives such as IT, maintenance, research, and medical needs to gain remote visibility to a variety of reports and processes. As diagnostic tracking matures from a purely quantitative approach to increasing qualitative and behavioral analyses that are needed for true remote responsiveness to key issues, the need for video in remote diagnostics will become more apparent throughout the enterprise.

In the next chapter, we will see what the top performers are doing to achieve these gains.

Chapter Two: Benchmarking Requirements for Success

The selection of enterprise video collaboration technologies and the implementation of the appropriate internal capabilities play a crucial role in the ability to turn these strategies into profit.

Case Study — Perennial Systems

Perennial Systems is a software development and IT solutions company focused on enterprise solutions and web-based solutions based on Pune, India. Because they have clients based all over the world, they face the challenge of providing support and proof of delivery services without flying all over the world on a constant basis.

To meet this solution, Perennial Systems uses a browser-based web conferencing solution that allows them to communicate with their clients, whether they are in New York, Dallas, San Francisco, or Saudi Arabia. This client allows them to start collaboration anywhere and have face-to-face communications with customers who are seeking technical and sales support for software deployments. In addition, this web-based conferencing tool does not have any downloadable software client even for screen sharing, which allows it to work on computers that do not accept outside software for security reasons.

Perennial Systems uses the video as well as screen sharing, document sharing and white board capabilities to ensure that they are able to fully explain any questions that clients may have. In addition, these meetings are automatically recorded and stored by the provider both as a form of documentation and a resource for future use, if needed. By doing so, the company provides on-demand customer service and is able to ensure that applications are working as expected. Currently, Perennial Systems uses this tool solely for external use to provide for client needs.

“This video tool is instant and provides high-quality video,” says Paresh Bafna, Managing Director of Perennial Systems. “Because of its ease of use and software client, it can be used on any laptop or desktop regardless of operating system and makes it easy to work with customers from anywhere.”

Based on this use of video, Perennial Systems estimates that there is a 30-40% acceleration of day-to-day support based on their ability to quickly adapt to customer needs, both in terms of the time used and the reduction of latency in responding to the customer. By quickly reacting to any query that requires direct suggestions for fixing or altering code, the company also sees increase customer satisfaction. As an added bonus, this company currently has zero travel for its clients, which helps the triple bottom line of environment, people, and financial profit.

Fast Facts

- √ Respondents plan to increase their overall video budget by 6% for 2009
- √ Over the past year, all respondents have seen a 10% reduction in their video setup times

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute their daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure their results to improve their business). These characteristics (identified in Table 4) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 4: The Competitive Framework

| | Best-in-Class | Average | Laggards |
|---------------------|---|---------|----------|
| Process | Enterprise remote worker policy | | |
| | 75% | 50% | 34% |
| | Project to align/optimize processes through video collaboration | | |
| | 52% | 24% | 19% |
| Organization | In-house support staff for video collaboration | | |
| | 81% | 63% | 45% |
| | C-Level commitment to use video collaboration | | |
| | 68% | 53% | 39% |
| | Vendor-provided helpdesk for video collaboration | | |
| | 52% | 27% | 7% |
| Knowledge | Centralized scheduling capability for video collaboration resources | | |
| | 62% | 41% | 33% |
| | Roadmap for future adoption of collaboration technologies | | |
| | 61% | 39% | 31% |
| Technology | High definition displays (720p or higher) | | |
| | 83% | 52% | 40% |
| | High frame rate (30 fps or higher) | | |
| | 75% | 44% | 38% |
| | PC Web client | | |
| | 75% | 54% | 39% |
| Performance | Video collaboration usage reports for line-of-business managers | | |
| | 52% | 28% | 23% |
| | Cost breakdown for video collaboration meetings | | |
| | 45% | 24% | 22% |
| | Tracking time saved due to accelerated decision-making | | |
| | 39% | 11% | 7% |

Source: Aberdeen Group, August 2009

Capabilities and Enablers

Based on the findings of the competitive framework and interviews with end users, Aberdeen’s analysis of the Best-in-Class demonstrates key capabilities and enablers that are associated with solutions that have reduced travel time by over 40%.

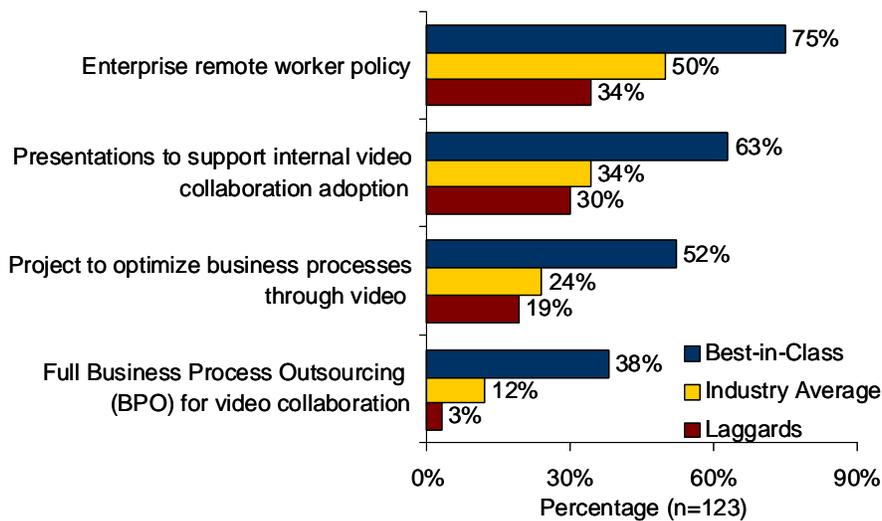
"Everybody has different bandwidth so there are different problems for each user."

~ CEO, IT Consulting Services

Process

The Best-in-Class implementations of video collaboration go far beyond technology acquisition or executive support for a solution. To gain true enterprise-wide adoption of video resulting in business gains, video must be pushed to the line-level employees and managers in a variety of ways (Figure 12).

Figure 12: Top Process Capabilities for the Best-in-Class



Source: Aberdeen Group, August 2009

Companies implementing video as part of an enterprise remote worker policy see the gains of having a more accessible and intimate collaboration experience with dispersed employees. By explicitly defining the preference of video usage for remote employees, 75% of Best-in-Class companies have been able to gain greater value from their solutions.

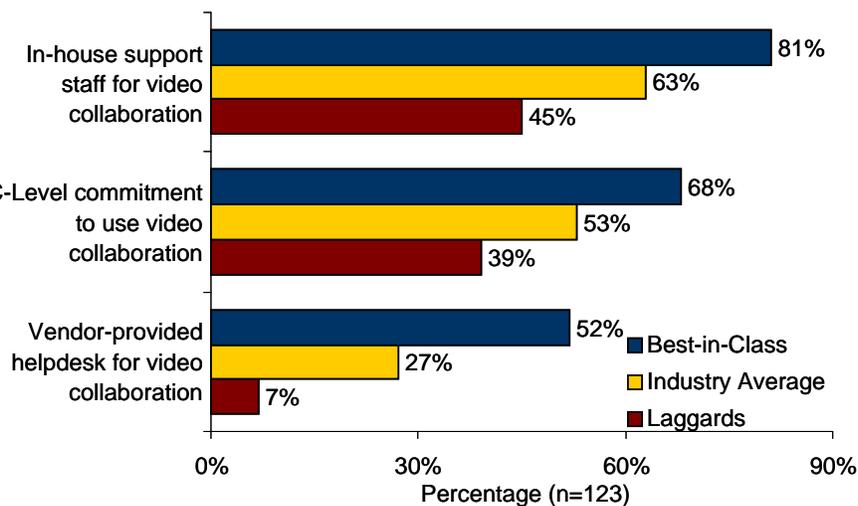
The company must also create presentations and establish training processes to catalyze employee usage of video. These training resources must be made available to empower the employee. No matter how expensive the video investment may be, it will not provide business value unless it is actually used. Similarly, companies must take a high-level view of how video should be used to optimize business processes. A majority of Best-in-Class companies (52%) have done so while all other companies fall far behind in treating video as a potential tool to optimize the enterprise.

Finally, companies should consider the use of Business Process Outsourcing (BPO) to fully gain the benefits of video. As this technology has become more robust and the technology cycles have accelerated, large implementations are more likely to require help. Since video collaboration support is rarely a core competency for IT departments, 38% of Best-in-Class companies have looked at a BPO solution for video compared to a scant minority of all other companies.

Organization

Although executive commitment was a Best-in-Class capability for video, line-level support capabilities were the real key to video collaboration success (Figure 13).

Figure 13: Best-in-Class Organizational Capabilities



Source: Aberdeen Group, August 2009

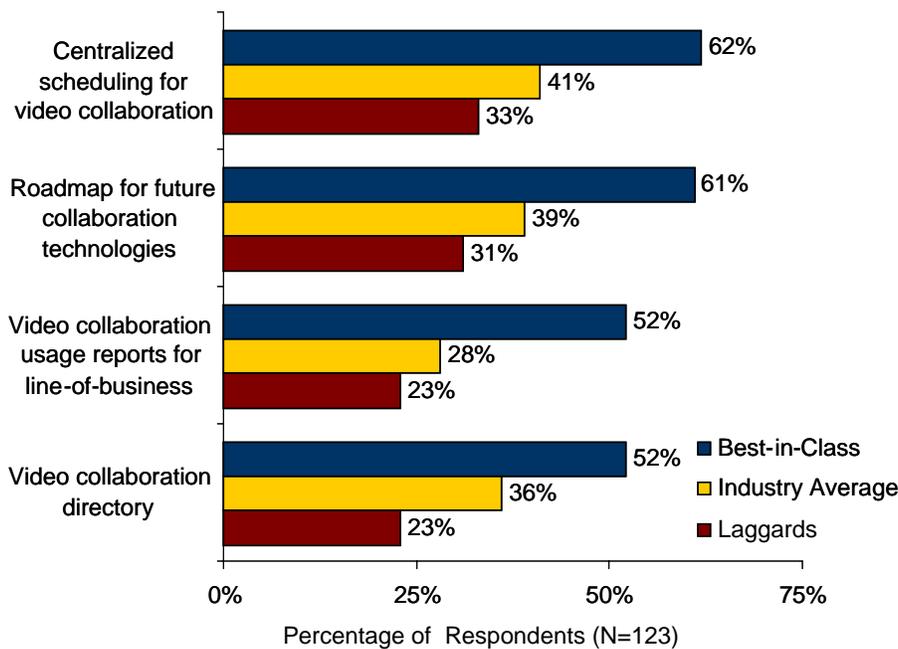
Eighty-one percent (81%) of Best-in-Class companies had some form of in-house support for video collaboration to make sure that employees had the support they needed. Although video has become easier to use, Best-in-Class companies have given their video deployments the same priority of support that is typically provided for more traditional communications tools such as the desk phone or the email server.

In addition, a majority (52%) of Best-in-Class companies also use a vendor-provided helpdesk resource. Since video is still emerging as an enterprise tool, these companies find it helpful to use the expertise of vendor-provided resources that may have 10, 15, or 20 years of experience in working with video. Enterprises should realize that even though video collaboration is fairly new to the horizontal enterprise, videoconferencing tools have been in existence for a full generation and there is an established level of expertise for video usage that is represented by vendor and outsourced support.

Knowledge Management

The organization must be empowered with the knowledge needed to use video both within and outside the enterprise. By providing centralized scheduling and a video collaboration directory, employees can use their video tools with the same ease as they schedule in-person meetings or use their phones. Best-in-Class companies provide these capabilities to a far greater extent than their Industry Average and Laggard counterparts (Figure 14).

Figure 14: Best-in-Class Knowledge Management Capabilities



Source: Aberdeen Group, August 2009

From a management perspective, usage reports that provide visibility to line-of-business managers and executives provide visibility into whether employees are optimally using their video resources. When this behavior is compared to traditional audio conferencing usage, corporate travel, and other meeting usage, the company can gain greater understanding into the adoption and efficacy of each channel. Fifty-two percent (52%) of Best-in-Class companies provide this usage visibility, which is twice that of all other companies.

Finally, companies also need to have an understanding of what will be adopted in the future. Sixty-one percent (61%) of Best-in-Class companies have a specific roadmap for video collaboration tools that will be implemented. By planning in advance, these organizations can plan on ways to further enhance their video usage in a strategic fashion, rather than take the approach of simultaneously seeking a purchase and trying to justify the use of potential video solutions.

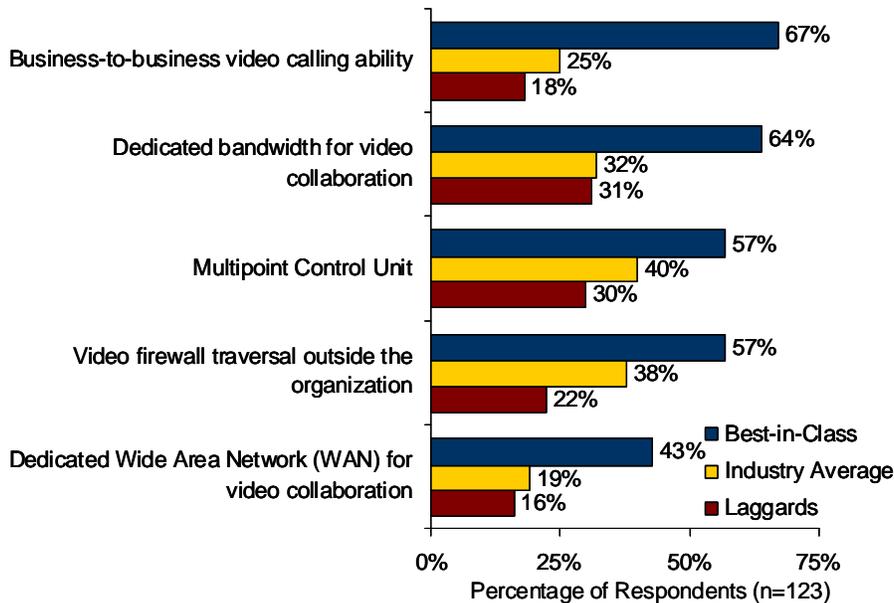
"Without video, some of our programs would not be possible because there would not be a sufficient concentration of students at any one location to make this program possible."

~ Director, IT Services, Education

Technology

From a technology perspective, the video technologies providing the greatest value to the enterprise can be divided into two separate categories: transport / messaging technologies and display technologies. Each category provided specific value in enhancing collaborative capabilities (Figure 15).

Figure 15: Best-in-Class Video Messaging / Transport Technologies



Source: Aberdeen Group, August 2009

The greatest differentiator in video collaboration technologies was the ability to have business-to-business video calling ability. Sixty-seven percent (67%) of Best-in-Class companies were able to do this, which was three-times the adoption for all other respondents. However, there are multiple ways to accomplish business-to-business calling. Fifty-seven percent (57%) of Best-in-Class companies had technology for video firewall traversal to allow their video solution to go across in a formal fashion. However, some organizations also dealt with the risks of reduced security or reduced feature functionality to enable their video calling, which can result in additional problems from an enterprise risk perspective.

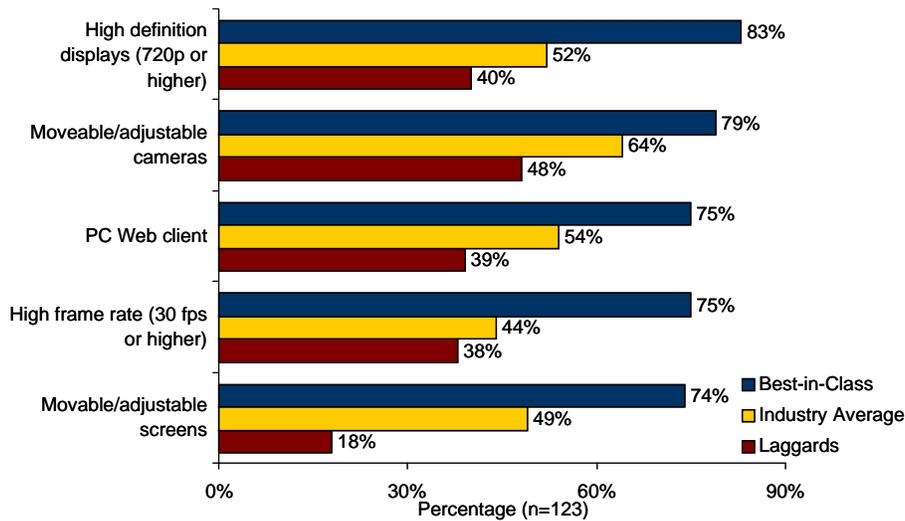
Using video for multiple endpoints also was a Best-in-Class practice. One way that Best-in-Class companies did this was to use a Multipoint Control Unit (MCU) to enable at least three or more endpoints to communicate with each other. Although an increasing number of solutions provide either the functionality of continuous presence, which shows all respondents simultaneously, or voice presence, which only shows the active speaker, the MCU provides more robust capabilities for network and bandwidth management and interoperability with the corporate PBX system.

Companies also sought some level of dedicated bandwidth for video. Sixty-four percent (64%) of the Best-in-Class used dedicated bandwidth from a

network management perspective and 43% actually had dedicated WAN links to connect video locations. Although bandwidth demands are changing for video, the enterprise needs to be aware of the needs to properly manage bandwidth to ensure video quality without compromising the rest of the corporate network.

From a display perspective, several technologies were important to provide business value to Best-in-Class companies (Figure 16).

Figure 16: Best-in-Class Video Display Technologies



Source: Aberdeen Group, August 2009

From an overall perspective, the use of a PC web client was important for the mainstream adoption of video collaboration in the enterprise. Although Best-in-Class companies were also more likely to have a unified communications suite with "one-click" capabilities to initiate video as well as fixed-room and immersive telepresence suites, the personal computer is currently the most advanced technology that is readily available to the typical employee. Seventy-five percent (75%) of Best-in-Class companies identified the use of PC web clients for video conferencing compared to less than half of all other organizations. Sales and customer care departments were more likely to use this PC video usage while project management and talent acquisition efforts were more likely to use the fixed-room video formats that allowed for increased collaboration and higher-quality video.

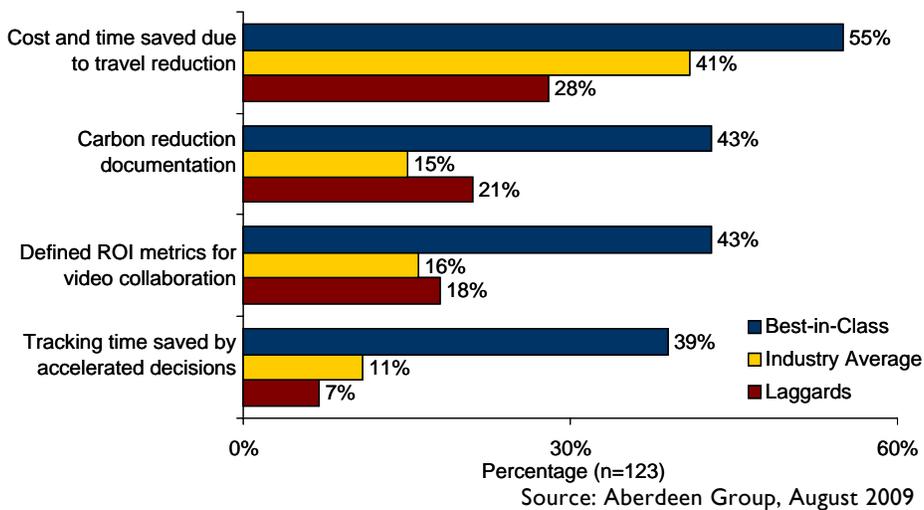
In addition, Best-in-Class companies used high definition video, high frame rates, and movable cameras and screens to meet one of the top challenges of video collaboration: realistic eye contact and body language. To truly synchronize these behaviors on all sides of a video collaboration solution, the technology must be sufficient to provide a realistic experience. Otherwise, companies risk the challenge of the "uncanny valley," when an experience simulates reality, but does so in a way that is disturbing and actually less effective than a less realistic experience. For example, an audio

call provides less context than a video call with some delays, but the audio call may be more valuable simply because it is more consistent and less distracting.

Performance Management

To gain a true understanding to the value of video collaboration, companies must both define and accurately measure the performance metrics associated with enterprise video. However, even Best-in-Class companies struggle with the capabilities needed to fully track the business savings associated with their solutions (Figure 17).

Figure 17: Best-in-Class Video Performance Management



The metrics most commonly associated with video collaboration are travel reduction and carbon footprint reduction. Fifty-five percent (55%) of Best-in-Class companies are directly measuring the cost and time saved due to travel reduction, but Industry Average and Laggard companies lack that visibility. Without this capacity, these companies must undergo manual and time-consuming audits each and every time that a business case needs to be made for continuing, upgrading, or expanding a video solution.

As the performance metrics become more specific, the visibility for Industry Average and Laggard companies becomes even lower. Only 17% of non-Best-in-Class companies have defined ROI metrics for video, meaning that 5/6ths of them are not able to justify their purchase with actual sales revenues, customer satisfaction, travel savings, carbon tax reductions, project acceleration, product development, talent acquisition, or any of the other benefits that have been documented.

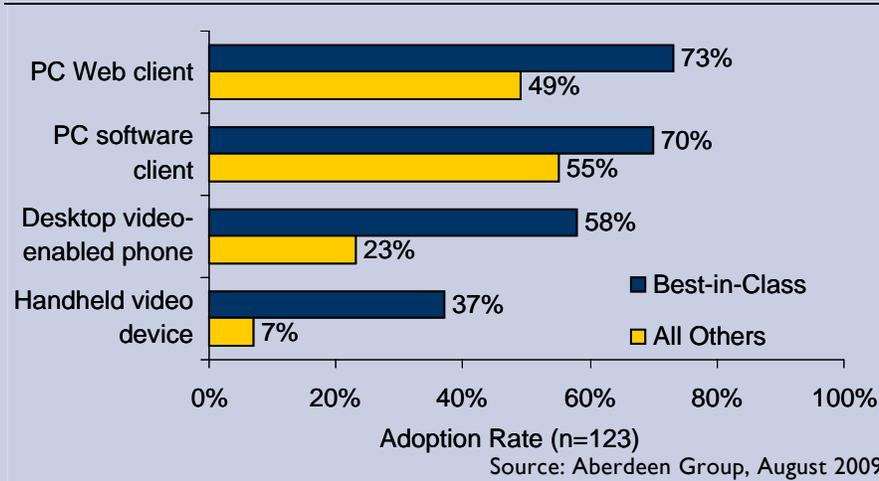
The ability for video to accelerate decision-making in general is also poorly documented. Only 39% of Best-in-Class companies have this capability, which is nearly four-times greater that of all other companies. So, even though Best-in-Class companies are far more likely to understand how

video accelerates their business decision-making than all other companies, these high achievers also struggle to provide hard numbers in this metric. However, the ability to track this acceleration was necessary to providing hard ROI metrics related to enterprise video.

Aberdeen Insights — PC-enabled Video Collaboration

Although the use of video collaboration has traditionally been from a fixed-room perspective, the PC and other desktop-based video services have increasingly become part of the enterprise communications landscape. In fact, Best-in-Class companies are more likely to use both PC and desktop technologies to enable their employees (Figure 18).

Figure 18: Best-in-Class Use of Desktop Video Technologies



This is not to ignore the value of fixed-room and telepresence rooms, since they were also used by Best-in-Class companies to a greater extent than all other respondents. However, the value of making a collaborative technology ubiquitous can lead to additional departmental and value-driven gains throughout the enterprise.

Companies seeking the next step to update a years, or even decades-old video collaboration solution should consider the need for implementing PC-based video collaborations either as a stand-alone or unified communications-based solution to maximize the benefits of video. Although their experience will not completely match those that the executive suite and strategic personnel have already realized through their own video room suites and telepresence experiences, the benefits of bringing synchronous eye contact, physical context, and real-time visual information are obvious for the Best-in-Class companies that have seen year-over-year ROI and reduced travel time across the enterprise.

Chapter Three: Required Actions

Whether a company is trying to move its performance in video collaboration from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

Laggard respondents are not necessarily new to video: 61% of Laggards have actually had a formal video collaboration solution within the enterprise for three or more years. However, despite this familiarity, they struggle to use their solutions to reduce travel, improve video adoption, and understand their ROI during these difficult economic times. What do these companies need to do to start getting real value from their video solutions?

- **Gain basic visibility into the usage of video solutions.** Throughout this benchmarking process, Laggard respondents were consistently able to provide details regarding the technologies and capabilities used within their organization. However, they lacked basic information regarding the use of these video abilities. Fifty-six percent (56%) of Laggards were unable to provide the percentage of revenue based on video-enhanced business processes. Eighty-one percent (81%) of Laggards did not know the annual cost of their video solutions. Eighty-two percent (82%) of Laggards were unable to provide the travel time reduced by their organizations compared to only 3% of Industry Average and 0% of the Best-in-Class. These bottom 30% of performers are unable to understand basic business performance metrics, which is inhibiting their ability to understand what ROI they are achieving.
- **Focus on eye contact.** It is no secret that the value of video collaboration is highly dependent on eye contact, yet Laggard video collaboration solutions are not acquiring or utilizing the technologies that help employees to do this. Only 24% of Laggard companies use movable or adjustable screens to any degree, 45% of Laggards use movable cameras, and less than half of Laggards have high definition (720p or higher) and high frame rate (defined as 30 frames per second or above) video collaboration capabilities. Although internal capabilities can play a strategic role in providing video value, employees must also have access to high-quality video when it is needed.
- **Think of the needs of remote workers in using video collaboration.** Only 32% of Laggards have a formal enterprise remote worker policy compared to 73% of the Best-in-Class. By understanding how remote workers are challenged, these Best-in-Class companies are more likely to optimize the use of their video collaboration solutions. By better understanding the challenges of

Fast Facts

- √ On average, the typical respondent spent \$712,000 on their initial video collaboration solution
- √ Laggards spend 12% of their initial investment on annual support and upkeep
- √ Best-in-Class companies only spend 8% of their initial investment on annual support and upkeep

the remote employee, Industry Average and Best-in-Class companies implement video solutions that are better suited to true collaborative value. For example, consider the use of data content displays for video solutions. Only 39% of Laggard companies use this technology to allow video collaborators to share data and content while they are having their meeting. In contrast, 58% of Industry Average and 67% of Best-in-Class respondents allow their employees to simultaneously interact while sharing documents and information in the same way that a traditional, face-to-face meeting would do.

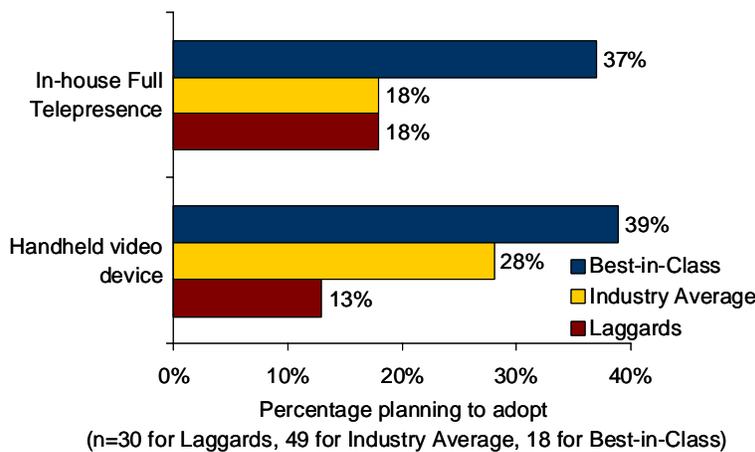
Industry Average Steps to Success

- **Change the organization's strategic approach to video.**
From a strategic perspective, one of the biggest differences between Best-in-Class and Industry Average companies was the commitment to improving communication outside of the enterprise. Fifty-nine percent (59%) of Best-in-Class companies indicated that the need to increase video collaboration with external customers, partners, and contacts was a key strategy compared to only 38% of Industry Average companies. From a tactical perspective, this means improving the company's ability to provide business-to-business calling and to improve SLAs related to video. As video collaboration is used to improve communication with partners, customers, and other outside contacts, it becomes a vital tool for presenting the face of the company. These improvements end up also improving the internal usage of video to the point where travel is less necessary and video can truly become a primary form of communication with proven ROI benefit.
- **Consider vendor outsourcing to support the video solution.**
Twenty-nine percent (29%) of Industry Average companies have some vendor-provided resources to aid with their video solution compared to 56% of Best-in-Class companies. In addition, only 13% of Industry Average respondents had a full BPO solution for video compared to 42% of the Best-in-Class. Although outsourcing is not a necessity, the experience that vendors have in supporting these solutions may go beyond the in-house capabilities that exist in-house. When considering the endpoint technologies, network challenges, and usage cases associated with video, bringing in a helping hand has allowed companies to focus on maximizing value rather than simply improving uptime and implementation capabilities.
- **Treat video collaboration as a true enterprise resource.** To do so, companies must implement basic usage reports, scheduling, and directory capabilities. In enterprise telecom, usage visibility tools such as call accounting and telecom lifecycle management software have long provided value into the understanding of landline and mobile device usage. Companies can use similar reports for

video collaboration to gain the same benefits that have been used to provide financial and tactical business intelligence to the organization. Twenty-six percent (26%) of Industry Average companies have this capability compared to 70% of the Best-in-Class. In addition, both video-based scheduling and directory capabilities allow video to be used just as any other calling or conferencing tool in enterprise communications. Less than 40% of Industry Average companies have either of these capabilities, whereas 71% of Best-in-Class companies have centralized scheduling and 67% of the Best-in-Class have an organizational directory specifically for video.

- Define the usage and ROI model for video, and use the model for future planning.** Twenty-four percent (24%) of Industry Average companies had an internal project in place to optimize business processes through video collaboration compared to 57% of Best-in-Class companies. By aligning video to the processes that could be improved in areas such as sales, customer care, human capital management, and other areas, these Best-in-Class companies moved from having a useful technology to a true business enabler with quantifiable value. In addition, this clarity leads to additional understanding on how to grow and upgrade the video footprint: 62% of Best-in-Class companies had a roadmap in place to implement collaboration technologies compared to only 41% of Industry Average firms. One example of this technology adoption comes from looking at both handheld video devices and telepresence (defined as life-sized screen, custom environment, spatial audio, turnkey solution), where Best-in-Class companies are more likely to have a plan to implement these technologies than their Industry Average and Laggard peers (Figure 19).

Figure 19: Plans to Adopt Video Technologies in the Next 12 Months



Source: Aberdeen Group, August 2009

Best-in-Class Steps to Success

- **Don't lose focus on metrics.** Even though Best-in-Class companies are more likely to have ROI visibility than their counterparts, less than half were able to provide a quantitative answer for the following metrics: cost breakdown for their video collaboration solution, defined Service Level Agreements (SLAs) for video uptime and service, and time saved due to accelerated decision making. Although over 30% of Best-in-Class companies are seeking to implement capabilities to understand these metrics over the next 12 months, it is the ability to turn those plans into reality that will determine these companies' ability to gain further ROI and to maintain visibility over their video solutions
- **Focus on your employees.** Forty-four percent (44%) of Best-in-Class companies currently have a cross-departmental forum to determine best practices. The rest of these respondents aren't sharing these practices from department to department despite the fact that video is still a new and emerging collaborative tool for many organizations. By sharing these practices with other individuals who have shared organizational goals, these companies can make sure that their Best-in-Class results are more effectively spread throughout the organization. To move from the department to the employee level, 63% of Best-in-Class companies use employee feedback to determine the efficacy of their video solution, rather than pure metric determinations based on business results or uptime. Although travel reduction, travel time, carbon footprint reduction, and ubiquity are all important goals for video collaboration, employee and end user feedback can add additional business context that can only improve the quality of the video collaboration solution. The 37% of Best-in-Class companies that are not listening to employees are not listening to the most important audience that is affected by the use of video.
- **Concentrate on the network.** Fifty-three percent (53%) of Best-in-Class companies have dedicated Wide Area Network (WAN) resources and 65% have video-specific network usage visibility. This far outperforms all companies, which only have 17% and 24% adoption, respectively. Even so, there is still a large minority of Best-in-Class companies that are depending on general network resources and visibility to maintain their video solution. These respondents have the opportunity to improve their solution and better understand the network investments associated with their video solution. By doing so, these organizations have a better chance of understanding their video cost structure and to provide more concrete ROI for their solutions.

"We are looking to change vendors as there seems to be a lack of knowledge and commitment to VC tech."

~ Manager, IT, General Manufacturing

Aberdeen Insights — Summary

With the advent of high-powered computing elements, high-bandwidth connections, software-based video solutions, unified communications, and high quality endpoint technologies ranging from personal computers to ultra-realistic telepresence solutions, video communications has finally become a powerful collaborative tool for the enterprise.

However, as companies have implemented their technical solutions, the traditional demand for ROI and business value have fallen by the wayside as organizations have mistakenly believed that these technologies were too nascent and evolving. This report demonstrates that Best-in-Class video collaboration users have progressed beyond these initial concerns to find true business metrics. By going beyond the traditional cost structure of travel cost and travel time to more strategic value in a number of business contexts, these organizations make a strong case for the use of video as a business enhancer to improve revenues, seek talent, develop new products, and implement strategies in a timely manner.

The future of business will require widely distributed employees, partners, and employees to work together. To meet mutually beneficial solutions based on the eye contact, body language, and other cues that people have used for centuries, video will become increasingly important in bringing the human factor to relationship-based collaborations that we have always depended on. As the enterprise progresses towards that goal of proving fully immersive and collaborative capabilities to remote individuals, it is important to realize the value of video not only as a technological achievement, but as a practical business enhancement.

Appendix A: Research Methodology

Between July and August of 2009, Aberdeen examined the use, the experiences, and the intentions of more than 120 enterprises using video collaboration in a diverse set of enterprises.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on video strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: procurement, supply chain, or logistics manager (23%); director (19%); staff/consultant/engineer (15%); IT manager or staff (13%); CEO (12%); vice president/partner (7%); CIO/CTO (6%); and other (5%).
- *Industry:* The research sample included respondents from the following industries: IT consulting/services (19%); telecom equipment/services (16%); software/hardware suppliers (9%); education (8%); finance/banking/accounting (6%); government (4%); health/medical services (4%); and other (34%).
- *Geography:* The majority of respondents (57%) were from North America. Remaining respondents were from Europe (25%), the Asia-Pacific region (12%), the Middle East and Africa (3%), and Latin America (3%).
- *Company size:* Thirty-two percent (32%) of respondents were from large enterprises (annual revenues above US \$1 billion); 23% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 45% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* Fifty percent (50%) of respondents were from large enterprises (headcount greater than 1,000); 17% were from midsize enterprises (headcount between 101 and 1,000 employees); and 33% of respondents were from small businesses (headcount between 1 and 100 employees).

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

- √ The degree to which Video Collaboration is available in their operations and the cost management implications of the technology based on executive participation
- √ The structure and effectiveness of existing Video Collaboration implementations
- √ Current and planned use of Video Collaboration to aid operational activities
- √ The benefits, if any, that have been derived from Video Collaboration initiatives

The study aimed to identify emerging best practices for Video Collaboration and provide a framework by which readers could assess their own management capabilities.

Table 5: The PACE Framework Key

| Overview |
|--|
| <p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p>Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p>Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p>Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p>Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p> |

Source: Aberdeen Group, August 2009

Table 6: The Competitive Framework Key

| Overview | |
|--|---|
| <p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p>Best-in-Class (20%) — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p>Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.</p> <p>Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.</p> | <p>In the following categories:</p> <p>Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p>Organization — How is your company currently organized to manage and optimize this particular process?</p> <p>Knowledge — What visibility do you have into key data and intelligence required to manage this process?</p> <p>Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p>Performance — What do you measure? How frequently? What’s your actual performance?</p> |

Source: Aberdeen Group, August 2009

Table 7: The Relationship Between PACE and the Competitive Framework

| PACE and the Competitive Framework – How They Interact |
|--|
| <p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p> |

Source: Aberdeen Group, August 2009

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- [Talent Acquisition Strategies](#): July 2008
- [Unified Communications: Lifeblood of the Contact Center](#): July 2008
- [Web 2.0, Talent Management, and Employee Engagement](#): September 2008
- [Sales 2.0: Social Media for Knowledge Management and Sales Collaboration](#): September 2008
- [Telepresence: Business Toy or Business Tool?](#): November 2008
- [Being in Two Places at Once: Telepresence versus Videoconferencing in the Enterprise](#): December 2008
- [The Top Five Principles for Successful Product Development](#): February 2009
- [Unified Communications: Gaining a Competitive Advantage While on the Move](#): March 2009

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.

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