Cisco TelePresence Trends: Future Benefits Outlook

Results from a Quantitative Survey

Sage RESEARCH

THE TECHNOLOGY PRACTICE OF

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Information — Insight — Action

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1.0   Executive Summary

Current research suggests that legacy video technology's near future could resemble IP telephony's recent past. The widespread growth of IP telephony has introduced many Enterprises to the potential power of converged networks. These IP telephony systems have produced a real payback for the companies that have adopted them and may only be a preview of further benefits to be mined from converged network technology. Until now, however, there has been less attention given to the promise of *video*. Part of this may be due to the uneven history that video technologies have had over the years. Companies that have had sub-par experiences with video may be asking, "Can it even bring us the same type of benefits as IP telephony?"

One reason to revisit this question now is that Cisco is launching its Cisco TelePresence Meeting solution, which differs from conventional video systems in that it uses "life-size" ultra-high-definition video (1080p images), CD-quality audio, interactive technologies and a specially-designed environment to approximate the feeling of actually being in the same room as participants in remote locations (see Exhibit 1). It is also has a very simple use model, relying on enterprise calendaring (for example, Microsoft Outlook) for scheduling and the telephone interface to launch calls with the push of a button. Its reliability stems from the highly available network and the five 9's availability of the telephone system. And based on the opinion of companies evaluating this Cisco TelePresence concept, it appears that this could be the technology that does for video what IP telephony has done for voice in the Enterprise.

Exhibit 1: TelePresence

Based on a recent online survey of 239 technical and business decision makers in medium to large organizations, this paper quantifies the benefits that companies expect to get from this Cisco TelePresence system. The findings include specific improvements companies anticipate in employee productivity and cost savings, thus affording decision-makers a real-world reference for evaluating the potential return of a Cisco TelePresence deployment.

This study tested a list of over thirty potential benefits that companies could experience from a Cisco TelePresence implementation. The most widely credible gains (as rated by these companies) consistently fall into three recurring categories:

Exhibit 2: Key TelePresence Benefit Themes

| Employee Collaboration Benefits	
Productivity and Cost Benefits	*KEY TELEPRESENCE BENEFITS*
It Staff Benefits	
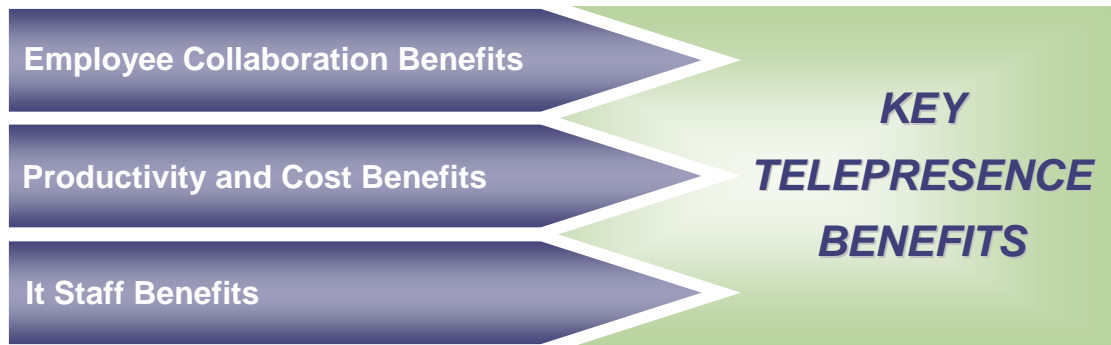
Employee Collaboration Benefits: Employee collaboration benefits are among the top improvements companies expect from Cisco TelePresence. In fact, while this study includes benefits relating to both external communications (e.g., employee-customer communications) and internal communications, those dealing with internal communications are the most widely anticipated. For example, a majority of both US (78%) and UK (69%) companies expect to achieve improved relationships and faster decision-making between their headquarters and branch and/or remote offices.

Furthermore, employee collaboration represents a current pressing priority for many today. An impressive 72% of those in the US (and 53% in the UK) report that their organization is currently seeking ways to improve how employees work together (see Exhibit 3). And not only are many pursuing collaboration initiatives, a majority also expect Cisco TelePresence to help in this area. For example, companies in both the US (68%) and the UK (62%) believe that Cisco TelePresence will lead to improved productivity within geographically-dispersed groups. Therefore, those needing to build the Cisco TelePresence case in their organization could tout such collaboration benefits, since in many cases this theme will support their own company goals.

Exhibit 3: Plans for Employee Collaboration Improvement

Q: How would your rate your agreement with the following statements about your organization?

Top 3 (8-10): Strongly considering
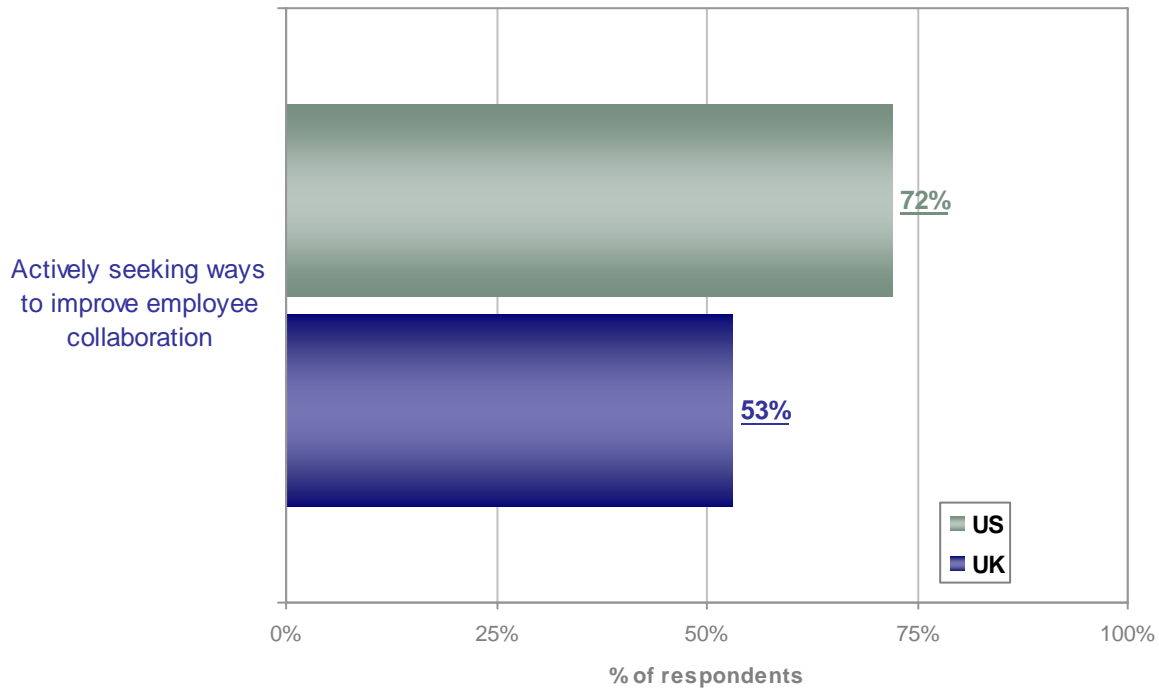
Productivity and Cost Benefits: In recent years, several technologies have appeared with a promise to decrease employees' need to travel. Each has done so with varying success (e.g., web conferencing, IP telephony, etc.); however, none has had a widespread impact on employee travel until now. Will TelePresence fare any better? According to the results in this study, a strong majority believe that Cisco TelePresence will be the solution that can significantly cut down on business trips. For example, 90% in the US and 78% in the UK expect travel savings to follow a Cisco TelePresence implementation.

As well, fewer days out of the office should lead to a multitude of benefits. Not only do most companies interviewed expect to see monetary savings from less travel, they also envision a road warrior who is more productive overall and is also more available for meetings he/she would otherwise miss today. It is also worth noting that for many, these beneficiary "road warriors" are executives, who tend to have higher travel costs than the average employee (as will be shown in Section 3.0).

IT Staff Benefits: One of the most highly-anticipated benefits in this study is the time saved from IT personnel not having to attend meetings for technical support purposes as they do today. A strong parallel with IP telephony benefits exists here. That is, that companies deploying IP telephony most often report immediate IT staff time savings from having a simpler system to administer and use (e.g., moves/adds/changes are much quicker, fewer help desk calls for phone feature support, etc.). The payback from Cisco TelePresence will likely be similar: by being more reliable and user-friendly than traditional systems, Cisco TelePresence should make IT staff's lives

"easier." In fact, by no longer having to support meetings in the same manner, IT staff personnel expect to save a significant 1-3 hours per staff person per week.

Making the TelePresence Business Case

Even at this early stage, the level of benefit expectations for TelePresence is highly impressive. A review of the top benefits reveals that many expect Cisco TelePresence to make a real and measurable impact on their operations.

Exhibit 4 lists selected top expected TelePresence benefits as quantified in this survey of companies and decision-makers. Each benefit level reported in the table is based on the average estimation made by those expecting to realize each item. For example, 84% in the US (and 68% in the UK) report that less travel should increase employee productivity by making employees more available for other meetings – increasing the attendance of the average road warrior by 5-6 additional meetings per month (that they otherwise miss today).

The benefits measured in this study can be used by those considering a Cisco TelePresence deployment as business case inputs. Using the experience as reported by these 239 organizations, readers can judge for themselves which benefits are likely to apply to their own organizations – and extrapolate the potential productivity and cost impact accordingly. All of the key metrics are also presented in Appendix A, to help technology planners and business decision-makers build an effective business case for TelePresence in their organization.

Exhibit 4: Selected Top TelePresence Benefits

Realized Benefit	Percent of Population Expecting the Benefit		Average Expected Benefit Level *	
	US	UK	US	UK
EMPLOYEE PRODUCTIVITY BENEFITS				
Less travel increases employee productivity by making employees more available for other meetings	84%	68%	5-6 meetings/ employee/ month	5-6 meetings/ employee/ month
IT staff time saved from not having to be physically present before/during meetings for support	77%	80%	1-3 hours/ IT staffperson/ week	1-3 hours/ IT staffperson/ week
Less travel time for executives lets them be more available and attend more meetings	78%	70%	4-5 meetings/ executive/ month	2-3 meetings/ executive/ month
Improved relationships and faster decision-making between headquarters and branch and/or remote offices	78%	69%	1-3 hours/ employee/ week	1-3 hours/ employee/ week
COST SAVINGS				
Travel savings	90%	81%	Varies by worker category ($500-2,999/ worker/ month)	Varies by worker category (Up to $500-1,999/ worker/ month)

2.0   Productivity Benefits

Productivity benefits from Cisco TelePresence, as forecasted by survey respondents, will be wide-reaching. Not only will employees reap the benefits of less travel, making them more available to coworkers, employee collaboration across the organization is expected to improve notably. In addition, IT staff will likely find a meeting solution that at a minimum demands less support time.

Travel-related Productivity Benefits

Most respondents see the Cisco TelePresence concept as a means to reduce travel in their organization. Expectations are high that by deploying this solution, employees will supplant travel with face-to-face "virtual" meetings and be better off for it in two ways: 1) by being more productive on a personal level and 2) by being more available to others. Travel-related benefits are greatly anticipated, with close to 70% or more (in both countries) expecting to experience each one of these results.

Exhibit 5: Travel-Related Productivity Benefit Expectations

Q: What types of benefits do you expect to get from TelePresence, at a company-wide level?

Q: What types of benefits do you expect to get from TelePresence from communication between key internal and external groups?

Q: What types of benefits do you expect to get from TelePresence, at the user level?

Benefit		
Less travel increases employee productivity by making employees more available (and more responsive) for other meetings	84%	68%
Increased worker productivity as a result of reduced need to travel	79%	74%
Less travel time for executives lets them be more available and attend more meetings	78%	70%

% of respondents

The effect of travel avoidance can be substantial. Those that expect their traveling employees to be more available with TelePresence report that these same employees today miss an average of 5-6 meetings per month. Executives who travel will also be able to attend more meetings they otherwise would have missed, with those in the US likely attending 4-5 more meetings per month and those in the UK attending 2-3 more meetings per month.

Exhibit 6: Average Savings from Travel-Related Productivity Benefits

Q: What types of benefits do you expect to get from TelePresence, at a company-wide level?

Q: What types of benefits do you expect to get from TelePresence, at the user level?

|	% Expecting Benefit		Average Time Saved	
	US	UK	US	UK
Less travel increases employee productivity by making employees more available (and more responsive) for other meetings	84%	68%	5-6 meetings/ employee/ month	5-6 meetings/ employee/ month
Less travel time for executives lets them be more available and attend more meetings	78%	70%	4-5 meetings/ executive/ month	2-3 meetings/ executive/ month*

*Low N

Company-Wide Benefits

One priority that many organizations will focus on in the near future is employee collaboration. As well, judging by companies' own estimates, TelePresence should have a real impact in this area. For one, a majority expect TelePresence to improve productivity between their own geographically-dispersed teams (68% in the US and 62% in the UK). Similarly, about half (54% in the US and 45% in the UK) believe that by using TelePresence, employees will be more available to other coworkers than in the past (thereby reducing the number of workflow bottlenecks). Yet another collaboration-related improvement from TelePresence is the expected acceleration of business issue resolution (58% in the US, 59% in the UK). Plainly stated, Cisco TelePresence should make it easier for employees to work together, which in turn will speed up overall business processes.

Most of these improvements are projected to save employees 1-3 hours per week. If multiplied by all affected employees over the course of a year, the time savings become substantial.

Exhibit 7: Company-Wide Benefit Expectations

Q: What types of benefits do you expect to get from TelePresence, at a company-wide level?
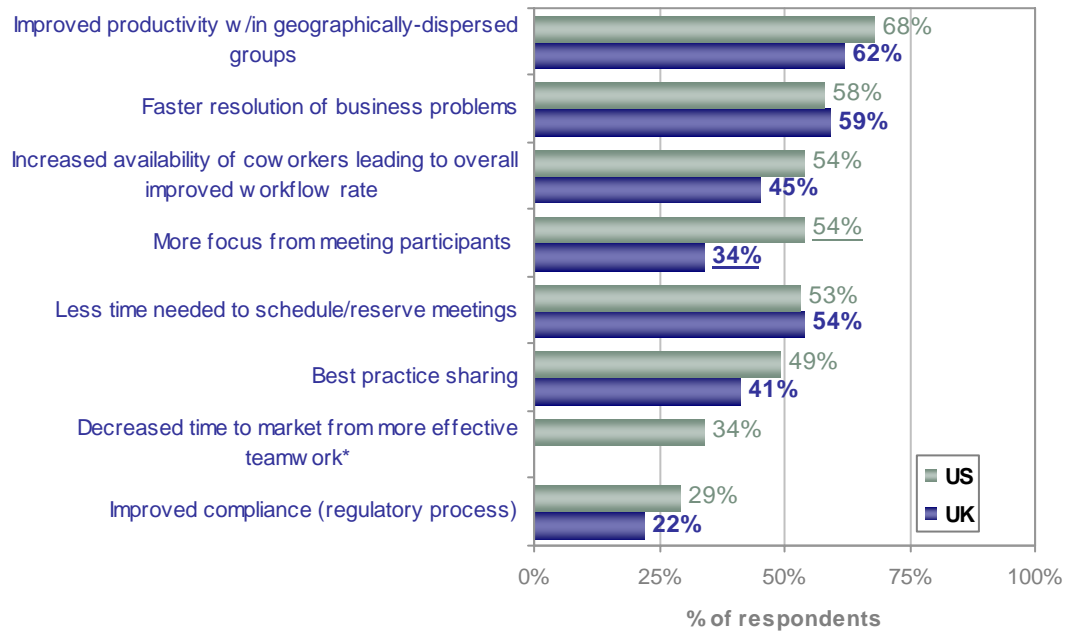
*"Decreased time to market from more effective teamwork" (N=47). Only manufacturing and pharmaceutical company data are included in this result. As such, result shown above is for both US and UK respondents combined.

**Exhibit 8: Average Savings from Company-Wide Benefit Expectations**

Q: What types of benefits do you expect to get from TelePresence, at a company-wide level?

	% Expecting Benefit			Average Time Saved	
	US	UK		US	UK
Faster resolution of business problems	58%	59%		3-5 hrs/ employee/ month	3-5 hrs/ employee/ month*
Increased availability of coworkers leads to improved workflow rate	54%	45%		1-3 hrs/ employee/ week	1-3 hrs/ employee/ week*
Less time needed to schedule/reserve meetings	53%	54%		1- 3 hrs/ employee/ month	1-3 hrs/ employee/ month

As mentioned above, several key improvements relate to intra-employee communication. This survey, in fact, also inquired about communication benefits between other parties as well, for example, the expected improvements in communication between employees and clients (which could improve client relationships). Fewer respondents believe that these external communication improvements will materialize as early as the internal ones (see Exhibit 9), but this may be due to a belief that the earliest TelePresence deployments will primarily be for internal purposes only.

Exhibit 9: Employee Communication Benefits

Q: What types of benefits do you expect to get from TelePresence from communication between key internal and external groups? (select all that apply)
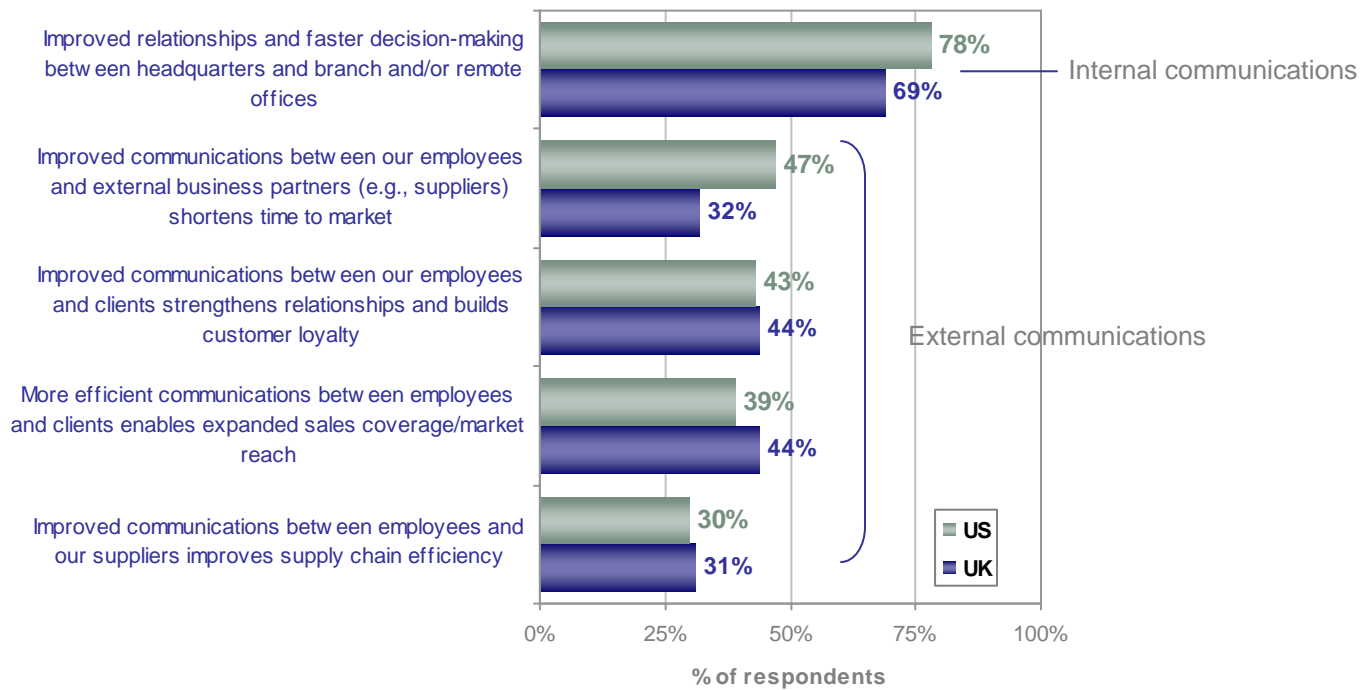
Those who do anticipate stronger client relationships by communicating with Cisco TelePresence foresee an average increase of 15% sales per client account (in the US[*]).

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[*] Note: UK sample is too small to report results for this question.

Exhibit 10: Average Employee Communication Benefits

Q: What types of benefits do you expect to get from TelePresence from communication between key internal and external groups?

	% Expecting Benefit		Average Time Saved	
	US	UK	US	UK
Improved relationships and faster decision-making between headquarters and branch and/or remote offices	78%	69%	1-3 hrs/ employee/ week	1-3 hrs/ employee/ week
Improved communications between our employees and clients strengthens relationships and builds customer loyalty	43%	44%	At least 15% increase in sales volume/ client	At least 10% increase in sales volume/ lient*

*Low Ns

IT Staff Benefits

It is a telling commentary on the state of traditional video systems that so many (77% in US, 80% in UK) expect Cisco TelePresence to free their IT technicians from having to physically support live meetings. Clearly, this need for such hands-on IT support suggests that reliability is a trouble spot for many today. Just as IP telephony has greatly simplified phone system management for both IT staff and end users, TelePresence could bring a similar change to supporting video. In doing so, IT personnel should save 1-3 hours per week per staff person by no longer being needed at these meetings.

What about end users? Respondents report that by avoiding the technical hang-ups of launching a call, the average meeting could be shortened by a remarkable ten minutes – which, of course, means ten minutes saved for each meeting participant as well.

Exhibit 11: IT Staff Benefits

Q: What types of benefits do you expect to get from TelePresence, at the user level?

IT staff time saved from not having to be physically present before and/or during meetings for support purposes
- US: 77%
- UK: **80%**

Less Help Desk time devoted to assisting meetings
- US: 54%
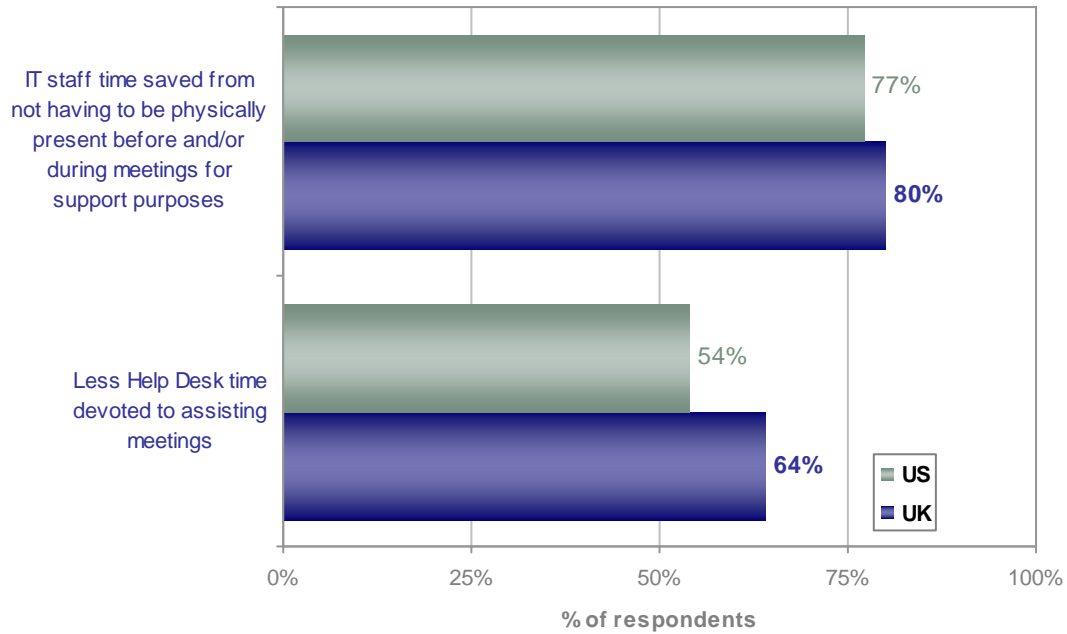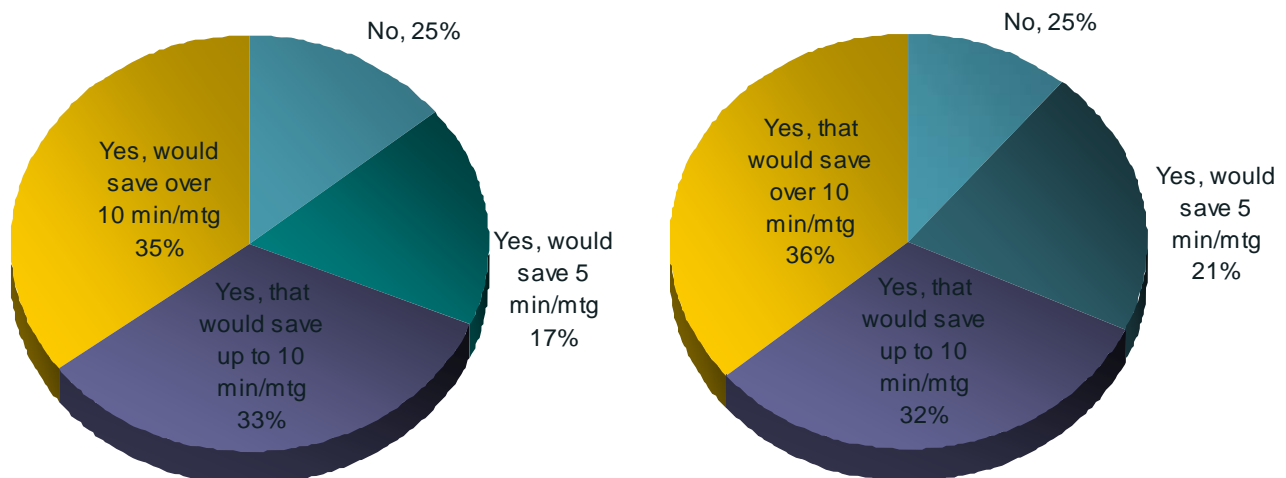- UK: **64%**

% of respondents

Legend: US, UK

Exhibit 12: Meeting Time Savings

Q: If all meetings in your organization could be initiated without any technical difficulties, do you think that they would be shorter as a result?

Pie chart 1:
- No, 25%
- Yes, would save 5 min/mtg 17%
- Yes, that would save up to 10 min/mtg 33%
- Yes, would save over 10 min/mtg 35%

Pie chart 2:
- No, 25%
- Yes, would save 5 min/mtg 21%
- Yes, that would save up to 10 min/mtg 32%
- Yes, that would save over 10 min/mtg 36%

3.0 Cost Savings

In addition to improving employee productivity, Cisco TelePresence can also lead to direct cost savings. Not surprisingly, the most likely of these will come from travel avoidance; however, others also foresee potential savings in conferencing services as well as other areas.

Travel Savings

Companies most expect to save money with Cisco TelePresence they same way they foresee improving employee productivity: through reduced travel. Of all potential cost savings (including lower video/audio/web conference service costs, lower maintenance costs, etc.), travel cost savings are the most highly anticipated by a large margin. Not surprisingly, the potential savings vary by employee category, with executive travel saving $2,000-2,999 per executive per month in the US (or $1,000-1,999 in the UK) and other employees saving $1,000-1,999 in the US ($500-999 in the UK) (see Exhibit 14).

Other Cost Savings

There are other means by which Cisco TelePresence can yield cost savings. Those expecting to cut out their video, web or audio conference services with TelePresence predict annual savings of $50,000-59,999. Also those believing that TelePresence can accelerate their training programs similarly expect to save $50,000-59,999 on average each year.

Exhibit 13: Cost Savings

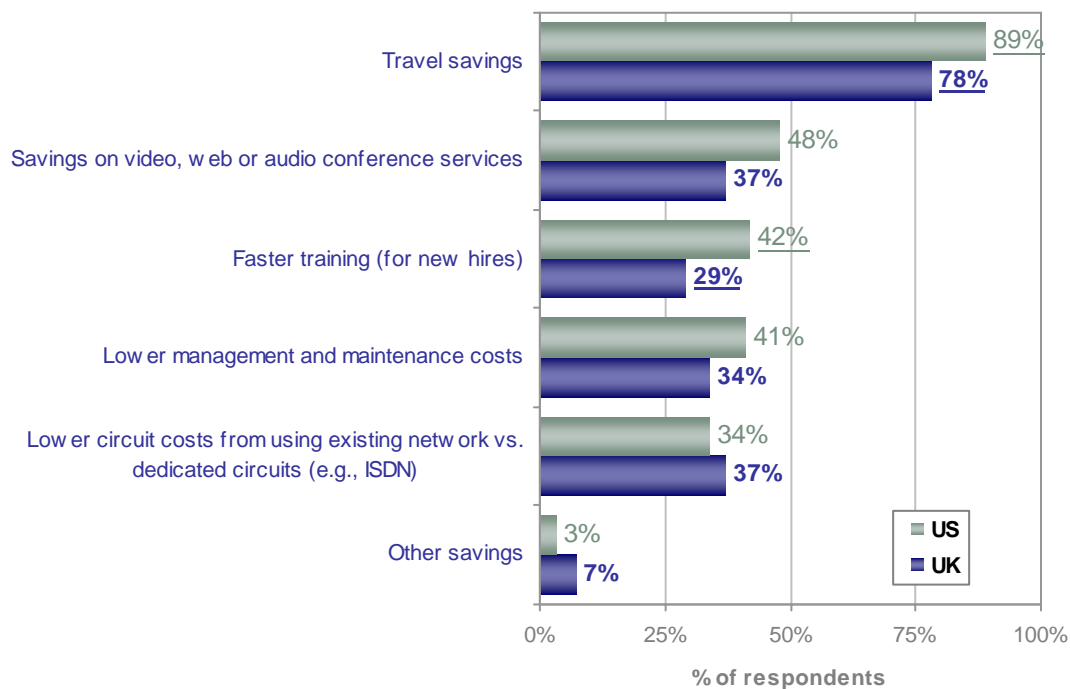*Q: What cost savings would you expect to get from using TelePresence?*

% of respondents

Exhibit 14: Average Travel Savings

Q: What cost savings would you expect to get from using TelePresence?

Expected Monthly Travel Savings Per…	Average Monthly Savings	
	US	UK
Executive-level employee	$2k-2,999	$1k-1,999
Salesperson	$1k-1,999	$500-999
Headquarters employee	$1k-1,999	$500-999
Remote office employee	$1k-1,999	$500-999
IT worker	$500-999	Up to $500

4.0   Options for Cisco TelePresence Delivery: In-House vs. Service Provider

Since Cisco TelePresence could be available as either an in-house solution or as a service from an external provider, this survey also explored the potential benefits of using a managed service provider arrangement. Roughly two in three companies currently using a provider for video in their organization report that having TelePresence as a service could bring the following additional benefits:

Easier troubleshooting – as the service provider could manage data, voice and video services, 69% believe that this would lead to faster resolution of technical problems. On average, this could save each affected IT staff person 1-3 hours per week.

Less remote site management – 67% expect that using an external provider will allow them to cut back on IT resources at their remote sites

Improved network reliability – for 65%, having an external provider means more reliable network service (as the provider's network would include an SLA and QoS capabilities)

Exhibit 15: Service Provider Benefits

Q: What types of benefits do you expect to get from this managed TelePresence service compared to using an in-house solution?
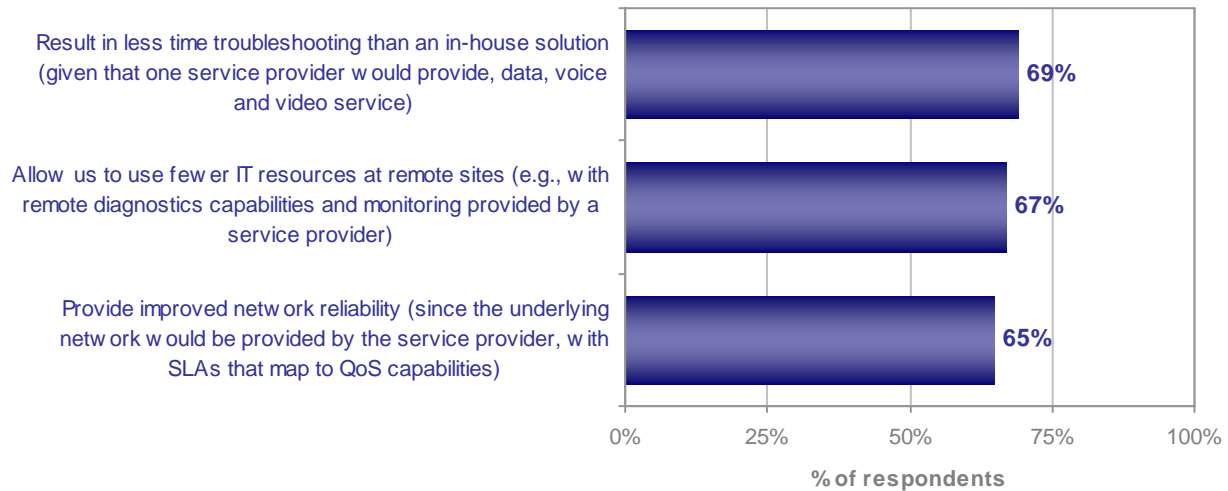
5.0 Conclusion

Even at this very early stage, the expectations surrounding specific Cisco TelePresence benefits are significant. In particular, the anticipation of productivity and cost benefits: both direct savings and positive side effects from less travel is remarkably high. As well, many also believe Cisco TelePresence will greatly save IT staff support time and serve as a potential collaboration tool. Although other collaborative technology has made similar promises in the past, the strength of these perceptions suggests that Cisco TelePresence is really poised to come through on these benefits.

It is equally notable that even after only an initial introduction to Cisco TelePresence, at least half of all respondents (67% in the US, 50% in the UK) agree that it could provide their organization with a competitive advantage. It appears that beyond the cost and operational efficiencies detailed in this paper, Cisco TelePresence could also provide a real source of differentiation as companies explore new and different ways to use this advanced communication tool.

6.0 Appendix A: Key Cisco TelePresence Benefit Measures

List of All TelePresence Measures	
Company-wide Benefits	Improved productivity within geographically dispersed groups
	Faster resolution of business problems
	Increased availability of coworkers leading to overall improved workflow rate
	More focus from meeting participants
	Less time needed to schedule/reserve meetings
	Best practice sharing
	Decreased time to market from more effective teamwork
	Improved compliance (regulatory process)
Productivity Benefits	Less travel increases employee productivity by making employees more available (and more responsive) for other meetings
	Increased worker productivity as a result of reduced need to travel
	Less travel time for executives lets them be more available and attend more meetings
Employee Communication Benefits	Improved relationships and faster decision-making between headquarters and branch and/or remote offices
	Improved communications between our employees and external business partners (e.g., suppliers) shortens time to market
	Improved communications between our employee and client strengthens relationships and builds customer loyalty
	More efficient communications between employees and clients enables expanded sales coverage/market reach
	Improved communications between employees and our suppliers improves supply chain efficiency
IT Staff Benefits	IT staff time saved from not having to be physically present before and/or during meetings for support purposes
	Less Help Desk time devoted to assisting meetings
Service Provider Benefits	Result in less time troubleshooting than an in-house solution (given that one service provider would provide data, voice and video service)

	Allow us to use fewer IT resources at remote sites (e.g., with remote diagnostics capabilities and monitoring provided by a service provider)
	Provide improved network reliability (since the underlying network would be provided by the service provider, with SLAs that map to QoS capabilities)
Conferencing & Collaboration	Travel savings
	Savings on video, web or audio conference services
	Faster training (for new hires)
	Lower management and maintenance costs
	Lower circuit costs from using existing network vs. dedicated circuits (e.g., ISDN)
	Other savings

7.0   Appendix B: Scope and Methodology

With the aim of helping technology decision-makers assess the potential impact of a TelePresence deployment, this paper quantifies expected TelePresence benefits – including employee productivity gains and direct cost savings – as reported by 239 medium and large organizations in an online survey. The questionnaire results in this white paper can help all considering TelePresence adoption build the business case in their organizations.

All respondents participating in this on-line survey met the following qualification criteria:

- Job responsibilities
    - TDMs with current or recent past experience managing room or group video systems and
    - BDMs who are potential users of video systems (note: BDMs are not required to be current video users; however, they must have some past experience with desktop or room/group video systems)

- Organization requirements
    - 800 or more employees
    - 3 or more company sites (defined as branch offices or locations with multiple employees; telecommuters do not count as company sites
    - Both national and multinational organizations are represented in the sample

The survey sample included respondents from both the US (152 respondents) and the UK (87) and included companies from a range of different industries, including financial services, manufacturing, government, professional services and healthcare among others.

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About Sage Research – The Technology Practice of Chadwick Martin Bailey

Acquired in December 2005, Sage Research is now the technology practice of Chadwick Martin Bailey. With in-depth experience in the networking and telecommunications markets, Sage delivers actionable data and recommendations based on the most current qualitative and quantitative methods. Founded in 1993, Sage serves a broad client base that includes industry leaders and innovative start-ups.

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