

Business briefing



Gaining competitive advantages on the road to economic recovery

Using managed videoconferencing services to solve today's business challenges and prepare for tomorrow's opportunities.

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➤ Introduction

Businesses around the world are re-discovering the benefits of visual communications. The recent advances in this technology are quickly dispelling the old concerns about ease of use and reliability.

Today, the latest videoconferencing managed services are enabling organisations of all sizes to communicate more effectively, while helping to maximize the payback on their investments.

In this business briefing paper we review the current challenges facing businesses, and look at ways in which the new generation of communications technologies are helping them to achieve their strategic goals. The benefits we have observed include: cost reduction, faster decision making, improved productivity, and creative approaches to serving customers.

➤ Economic instability increases business pressures

History has shown that no two periods of economic downturns are exactly alike. In every recession, businesses find themselves having to navigate poorly charted waters – without a set path to recovery.

The current downturn has brought a number of significant challenges for most organisations:

- As available cash flow drops, businesses and consumers are limiting their spending on products and services.
- Investment decisions and capital expenditure plans are either being put on hold or cancelled altogether, due to market uncertainties and more stringent (or even non-existent) financing options.
- A keen focus on operating expenditures is evident as companies try to do more with fewer resources - cutting jobs and other ongoing expenses, yet still attempting to deliver a consistent and higher level of service to their customers.
- Regardless of the economic downturn, customers are increasing their demands for environmentally friendly products and services.

➤ Communications technology offers a solution

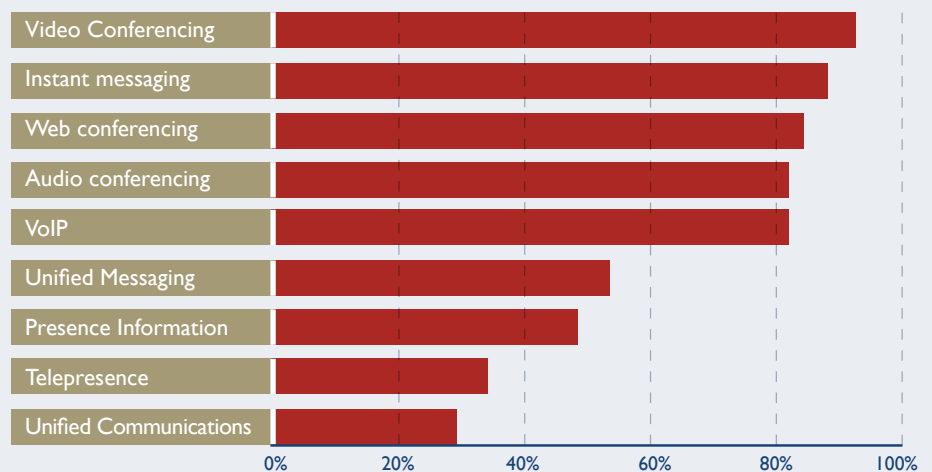
In order to overcome these challenges, businesses must identify solutions that enable a better alignment of their strategic goals and organisational capabilities.

This will involve optimising the infrastructure and processes held in order to differentiate their operations from competitors. The ability of an organisation to leverage its information technology resources will play a central role in achieving a successful transformation.

The last five to ten years has seen an unprecedented technology boom, with new cost-effective communications products and services rolled out in the market place at a steady rate. In particular, the area of visual communications has undergone a spectacular renaissance. Rapid advances in both picture and sound quality have been coupled with the wider availability of lower cost bandwidth and developments in network quality of service. This has led to an increasing demand and appreciation of visual communications.

A recent survey of C-level executives by Frost & Sullivan reveals the high level of awareness of videoconferencing, while the relatively newer technology of telepresence is still finding its feet.

Awareness of Communications and Collaboration Tools



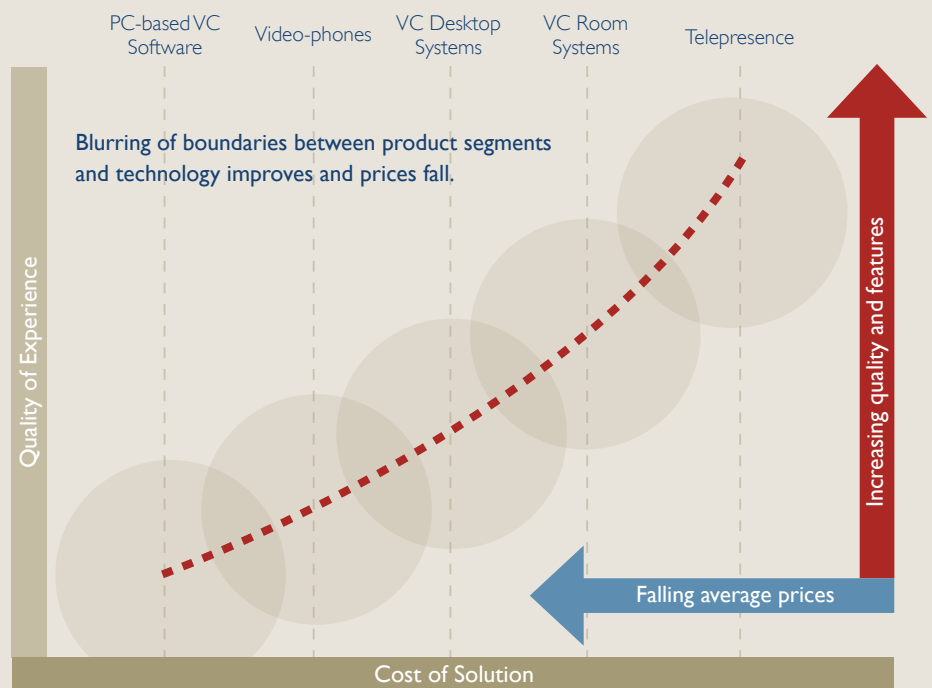
Source: Frost & Sullivan April 2009

Users now have a wider choice of visual communication solutions than ever before. From PC-based applications priced around \$100, through to high-definition videoconferencing desktop products at under \$5,000, and all the way up to multi-screen, customized telepresence studios costing over \$100,000.

The market for visual collaboration endpoints has become defined by five segments

“In terms of usability and call-by-call reliability, the latest videoconferencing and telepresence products are a world away from earlier systems; with IP, high definition, service quality control, and network management each playing a decisive part in making videoconferencing a viable, cost effective tool for today’s businesses.”

Dominic Dodd, Global Programme Director, Unified Communications & Collaboration, Frost & Sullivan.



Source: Frost & Sullivan, April 2009

And there’s more good news because, while some challenges certainly do still exist, this broad spectrum of video-based products can now work together in a way that was just not possible only a few years ago.

With industry-wide interoperating standards now more clearly defined, customers can feel confident that their investments in the latest videoconferencing or telepresence solutions can deliver substantial benefits for years to come.

Making it all work together

Visual collaboration products such as videoconferencing can increase the quality of users' business communication experience. By improving this experience, the frequency of use and productivity can grow.

Removing the possible frustrations and fears of visual communications will make using these tools far less onerous. It even becomes an enjoyable experience. And, with technology concerns eliminated, more effective meetings can be accomplished.

It is in this important aspect of driving increased usage of visual communications products that a managed service has an important role to play. In this context, a managed service provides users with simplified and consistent levels of access to visual communication tools. Furthermore, the pace of business globalisation has led to a requirement for more efficient collaboration arrangements, for example setting up multi-point meetings between a globally dispersed workforce, and with partners and customers. All technical aspects relating to systems integration and interoperability of IT assets are handled by a service provider. This can be either an internal department or an external third party organisation.

This type of support function also offers organisations a number of alternative routes for the implementation of videoconferencing, and other forms of visual communication. Such services can be tailored to suit individual business needs and priorities.

In this context, a managed service provides users with simplified and consistent levels of access to visual communication tools.



An important initial decision for a company choosing to go down the managed service route is whether to implement this for itself, or to use a specialist, third-party service provider.

The table below provides a summary of the relative merits of each route.

Key factors to evaluate	Possible videoconferencing implementation options		
	No Service Management	Internal Managed Service	External Managed Service
Providing users with training, support and a helpdesk?	The users will rely on the user guides and any help offered directly by hardware vendors or partners	The company can create this capability itself, using IT and facilities management resources. This will be reliant on internal staff's video knowledge	These are offered as part of most managed services packages
Are technical resources available to solve call set-up and configuration problems?	No, the users must do this for themselves	Yes, this will be provided by the internal resources	Yes, the service provider can provide this capability
What about interoperability issues (e.g. use of external networks to connect to other sites and companies)?	Users will need to contact their network provider to log a fault report and track problem resolution	The internal resources will do this on the users' behalf	The service provider will have an existing, well-established relationship with network providers and will perform this function
Will the company need to develop, maintain and retain its own experts?	Yes, the users will rely on the user guides and any help offered directly by vendors or partners	Yes, the company must acquire resources and train the internal team to support its users	No, the service provider can train and maintain the skilled personnel necessary
Does the company need to work directly with vendor, or its partner, to keep equipment maintained and updated?	Yes, the users will need to work with the vendor or partner to ensure that systems are maintained and software is updated	Yes, but the internal team will perform this function for the users	No, this function can be performed by the service provider
How do costs for the different options compare?	Considering only the direct costs (e.g. equipment, network, and vendor maintenance charges), this is likely to be the cheapest option. However, the picture might be different if indirect costs (e.g. internal people resources) are included	Similar direct costs to the unmanaged option. Indirect costs for acquiring the skills and people resources to maintain the systems and support users must be considered and compared with an externally managed solution	Direct costs are likely to be higher than the unmanaged option. A review of the total cost of: managed service package options versus equivalent internal resource requirements, will be critical factors for choosing either an in-house or outsourced model

47%
of respondents indicated that they retained existing levels of investment in managed services over the past 12 months.

Frost & Sullivan end user survey

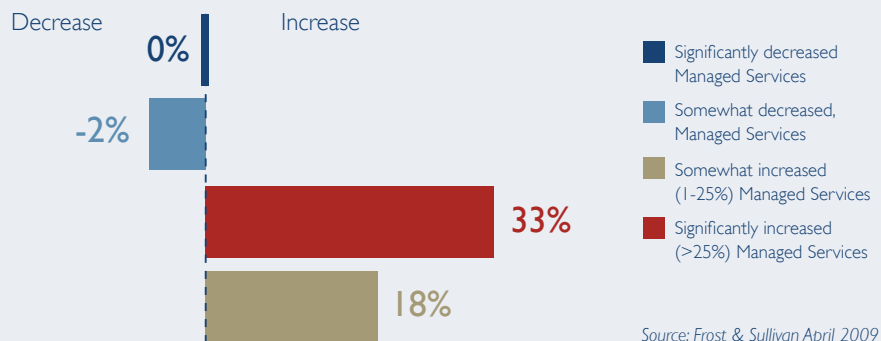
51%
of respondents actually increased investments in managed services over the same period.

Frost & Sullivan end user survey

Growing popularity of managed service solutions

There is a growing trend towards the use of hosted or managed services due to an increased awareness of their potential benefits. In a recent Frost & Sullivan end user survey, 47% of respondents indicated that they retained existing levels of investment in managed services over the past 12 months – and a further 51% of respondents actually increased investments in managed services over the same period.

Changes in Provisions Regarding Managed Services within the Past 12 Months.



Typically, a managed service – whether internally provided, or delivered by a service provider, will include a technical support helpdesk to resolve the users’ meeting problems in a timely and least disruptive manner.

Another service involves a ‘one-stop-shop’ for the videoconference booking. Key tasks include: ensuring that meeting delegates are notified in advance; reserving rooms and associated equipment; and making sure that the appropriate network configuration is ready before the meeting start time.

An all-encompassing managed service will build on the basic elements of technical support and resource reservation to deliver a complete meeting solution. This will involve managing all aspects of the meeting, thereby allowing users to focus their efforts wholly on the subject matter without being distracted by the underlying technologies.

Overall, the managed service arrangement can be helpful in delivering an organisations’ communications strategy in a very pragmatic and efficient manner. It enables the company to maximise the benefits from existing infrastructure, resources, and other technology assets held.

We shall now review how visual communications, and managed videoconferencing and telepresence services specifically, can create faster payback opportunities for companies using them.

➤ Productivity gains, business process acceleration

Visual communications today is a very ‘democratic’ business tool – potentially available on every desktop. While videoconferencing was once mainly the preserve of the executive management team, the lower cost, high quality and ease-of use of the latest products opens it up to every level within an organisation.

A managed service can make it easier for users to get access and use the equipment when they need it most. By working closely with users, the service provider can help reduce contention for available resources by careful capacity management – for example, anticipating surges in demand around critical phases of a project.

Furthermore, it can support the actions of a company to strengthen its competitive positioning by establishing new and more effective ways of serving customers. Case in point: working in partnership with the managed service provider, a healthcare provider is able to deliver a reliable, consistent service between hospitals and doctors’ surgeries, allowing patients quicker referrals to specialists. The complexity of linking the different networks and systems of the healthcare providers can be handled seamlessly by the managed service provider, leaving the medical staff to focus on serving their patients’ needs.



➤ Cost reductions

The ability for visual communications to help companies save costs by replacing some travel is already well-established.

In challenging economic circumstances, organisations must be even more adept at stripping out cost and reducing expenses. While for some companies lay-offs may be unavoidable, the reduced workforce will be required to increase their productivity levels.

The ability for visual communications to help companies save costs by replacing some travel is already well-established. However, by deploying a managed service for videoconferencing – a company may achieve faster and more substantial savings. Working with the service provider, the company can identify and target the types of travel that can be easily replaced with videoconferencing, without impacting on overall business efficiencies and results.

Furthermore, the company can create an incentive for the service provider to generate bigger savings by, for example, sharing part of those savings with the service provider. Equally, the customer company can insist on a service level agreement to help drive and maintain usage, with penalties imposed for downtime, when the company cannot gain the full advantage of its assets.

Adequate training and access to instant, reliable user support are important features that a managed service can offer, enabling users to derive maximum benefit from using the technology.

The managed service can also facilitate call set-up with external parties – such as customers and suppliers – saving valuable time and removing the complexity of making the connections across different network types, or between different generations of videoconferencing equipment. By ensuring a consistently high quality of experience, the organisation will derive benefits from the perceived professionalism of its operations.

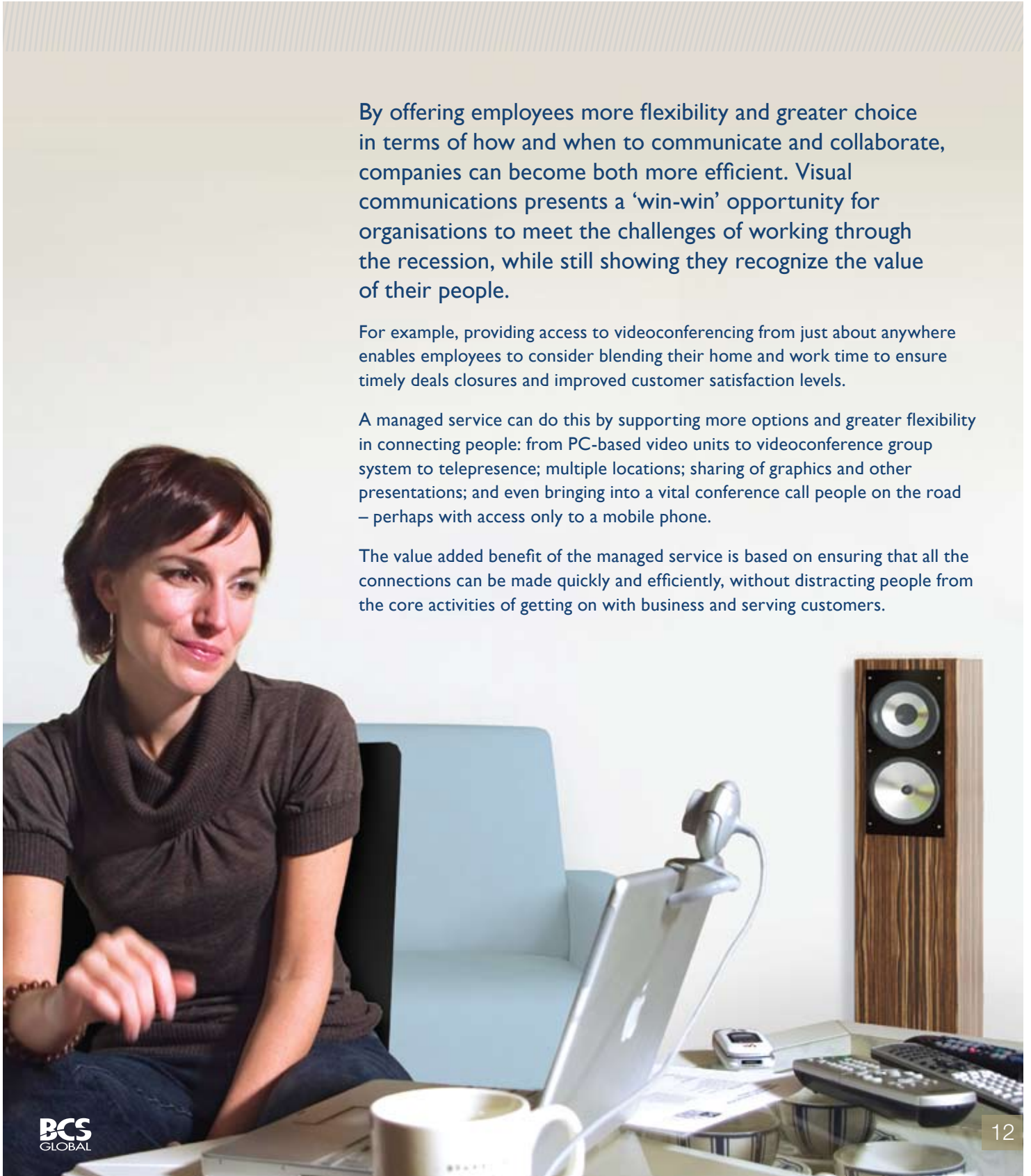
➤ Valuing people and getting more from them

By offering employees more flexibility and greater choice in terms of how and when to communicate and collaborate, companies can become both more efficient. Visual communications presents a 'win-win' opportunity for organisations to meet the challenges of working through the recession, while still showing they recognize the value of their people.

For example, providing access to videoconferencing from just about anywhere enables employees to consider blending their home and work time to ensure timely deals closures and improved customer satisfaction levels.

A managed service can do this by supporting more options and greater flexibility in connecting people: from PC-based video units to videoconference group system to telepresence; multiple locations; sharing of graphics and other presentations; and even bringing into a vital conference call people on the road – perhaps with access only to a mobile phone.

The value added benefit of the managed service is based on ensuring that all the connections can be made quickly and efficiently, without distracting people from the core activities of getting on with business and serving customers.



➤ Meeting environmental obligations

The focus on the environment may have taken something of a back seat in company priorities during the current economic downturn. However, the fears over climate change and energy supplies have not gone away, and organisations will soon be required to pay attention to it again.

Videoconferencing has been calculated to be capable of delivering overall savings in both CO₂ emissions and energy consumption. In this regard, visual communications and the use of managed services can legitimately be held up as the 'silver bullet' solution – by reducing travel that generates carbon emissions and reducing the consumption of oil-based fuels.

As we have mentioned earlier, the use of a managed service can help drive efficient use of videoconferencing or telepresence as an alternative to travel, by reliably delivering meetings that both start and finish on time, with a better opportunity for people to fulfil their agendas and objectives.

Promoting the use of visual communications also helps organisations to reduce their own environmental impact. Metcalfe's Law says that the value of any network - whether it's people, or videoconferencing systems – increases by the square of the number able to access it. So, as more companies are becoming able to use videoconferencing – and more are able to interconnect with other companies that can do the same – the overall environment benefit increases.

➤ The Cable&Wireless experience:

Cable&Wirelessⁱ is delivering on its strategic goals in the face of harsh economic conditions.



As one of the worlds' leading international communications companies, Cable&Wireless operates through a network of 50 sites around the globe and provides business critical services to some of the world's largest multi-national organisations. The company utilises a variety of conferencing and collaboration technologies as a key enabler for communicating across its international offices.

Cable&Wireless' number one priority is customer service; and it uses videoconferencing to build customer relations, drive sales, increase efficiency and reduce costs. Case in point: despite the current global economic downturn, Cable&Wireless reported earnings for the period 2008/9 was £822m, representing a year-on-year EBITDA growth of 36%.

Cable&Wireless has videoconferencing facilities across the majority of its offices, which it uses to enhance its internal communications. For example, its product development team, which is split between offices in Leeds and Bracknell, uses videoconferencing for their monthly team updates, significantly reducing the cost and carbon impact of these meetings.

It also uses videoconferencing to communicate with its external stakeholders: customers, suppliers and partners. Videoconferencing has proved to be an excellent tool for enhancing Cable&Wireless' supply chain integration; through improved communication, relationship management and the ability to make business critical decisions much quicker. Furthermore, high definition telepresence suites are available across key sites in Europe, Asia, Australia and the US – and the company believes that it offers a genuine alternative to business travel. Cable&Wireless is on course to achieving its target of replacing one in four business meetings, which would normally have necessitated travel, with videoconferencing or telepresence solutions.

Enabling significant cost savings to be realised

Cable&Wireless encourages usage of conferencing and collaboration tools at all levels of the organisation. As Tim Ryan, Managed Video Conferencing Product Manager at Cable&Wireless indicates: "to get the true business case benefit that we are seeking, everyone must be able to use it." This is afforded by its decision to pursue a fully managed service provided by BCS Global.

The company explains: "buying videoconferencing as a managed service enables us to define service credits around the SLAsⁱⁱ, which ensures very high levels of availability and avoids the complexity associated with managing the infrastructure components internally."

CAPEXⁱⁱⁱ Optimisation: In essence, Cable&Wireless buys equipment on the best possible capital terms available from



The use of videoconferencing has also enabled Cable&Wireless to reduce travel costs significantly. The company estimates annual business travel savings of £2.3m, which equates to £11.4m over 5 years.

the vendor community, and then purchases the service components and core infrastructure and service from BCS Global.

The managed service arrangement from BCS Global has enabled Cable&Wireless to maximize the utilisation of its existing conferencing and collaboration assets - its videoconferencing rooms are fully utilised due to the popularity of videoconferencing, this has led to further investments in new videoconferencing equipment and rooms to satisfy the increasing demand.

OPEX^{iv} Optimisation: The use of videoconferencing has also enabled Cable&Wireless to reduce travel costs significantly. The company estimates annual business travel savings of £2.3m, which equates to £11.4m over 5 years.

For example, the company indicated: “up to last year we were still flying people to internal training events in Asia... the associated travel costs runs into several thousands of pounds – we would not think of doing that anymore.” Videoconferencing has also enabled cost savings by creating opportunities for centralisation of resources. This is achieved by reducing the need for multiple skill-sets to be present in multiple locations.

Videoconferencing is also contributing to Cable&Wireless corporate social responsibility objectives in terms of reducing its carbon footprint and overall impact on the environment. The company’s energy savings calculator indicates annual CO² emissions savings of 600 tonnes by replacing business travel with videoconferencing.

Cable&Wireless – Videoconferencing Usage Examples

Scenario	Time Savings	Cost Savings	Emission Savings
Converted face-to-face monthly operations meetings between London and Bangalore to Telepresence	120 days of management time	£40k in travel costs for the first month	10.72 tonnes of CO ²
Converted face-to-face monthly product development team meeting between Leeds and Bracknell to Videoconferencing	1,404 man hours	£52k annually in travel costs	6.20 tonnes of CO ²

Facilitating more efficient work processes

Using a managed service allows users to launch their meetings “without fuss.” As a result, the use of video has grown significantly over the last 12 months both for internal and external communications. This has enabled more efficient working practices to be developed. Cable&Wireless comments: “we have improved communications with customers over video and have increased our interactions with them.”

The work habits of Cable&Wireless employees have also changed, people are now more inclined to utilise videoconferencing because it is much easier to use and more reliable. A Cable&Wireless employee indicates: “my personal travel (for work) has gone down to just about zero; I don’t need to travel anymore, which means I can manage my time more effectively.” As a result, the down-time associated with travel is more or less eliminated, allowing employees to be more productive.

It has been easy for Cable&Wireless to integrate videoconferencing into its business, as the latest technology is so easy to use, colleagues at all levels of the business feel confident using it and as a result have incorporated it into their day to day activities.

Improving the work and life balance of employees

Cable&Wireless employees have been very positive about the managed videoconferencing solution – they expressed an increased ability to achieve a better balance between work and their personal lives. The reduction in travel time allows them to have greater flexibility in organising their working day.

i Cable&Wireless is a leading global telecommunications company that operates through two separate business units: Europe, Asia & US; and CWI (formerly International) Group. The Europe, Asia & US business offers telecoms services to large enterprise customers in these regional markets; and CWI business provides mobile, broadband, and fixed line services to homes, small and medium enterprises, and corporate firms across 38 countries. Headquartered in London, England, Cable&Wireless Plc has over 13,000 employees across its two business units.

ii SLAs – Service level agreements
 iii CAPEX – Capital Expenditure
 iv OPEX – Operating Expenditure

❖ The Fraser Milner Casgrain experience:

Fraser Milner Casgrain believes that the recession has led to a renewed focus on maximising the utilisation of its IT assets.



Fraser Milner Casgrain LLP (FMC) is a long established law firm operating with a team of over 500 lawyers, through a national network of six offices across Canada. The company is making innovative use of conferencing and collaboration tools to offer high quality and streamlined legal services to private and public clients in all sectors of the Canadian economy.

At Fraser Milner Casgrain videoconferencing is available to all employees at all office locations, either through its boardroom facilities or at the desktop. The usage scenarios include internal communications between its lawyers and other supporting staff members, and external collaboration with project partners and clients.

FMC believes that the current economic downturn is forcing companies to focus on improving the alignment of expenditure plans with their business strategy. The challenge for a law firm is like any other business in terms of the adverse impact on productivity (i.e. billable hours) due to reduced business activities.

Clients are demanding more work to be done for less money. According to Scott Saundry, Chief Technology Officer of FMC, “that puts some internal pressure on us to manage costs, and one of the areas that we can realise short-term cost savings is travel.” In the first quarter of 2009, the firm reported very little business travel, as firm members have been encouraged to use the videoconferencing facilities.

Encouraging creative approaches to manage costs

FMC has invested in BCS Global’s managed services solution for videoconferencing. This arrangement enables FMC to focus purely on selecting and optimising the videoconferencing endpoints needed for boardrooms and desktops in its offices.

The entire bridging infrastructure and interoperability requirements are provided and managed by BCS Global, which eliminates FMC’s need to invest in bridging technology and provide training sessions required to operate the technology. FMC is evaluating additional opportunities with BCS Global to further optimise usage of their existing IT assets.



FMC frequently uses multipoint videoconference calls with clients, consultants and subject matter experts that can participate from anywhere in the world.

The reduction in travel due to this growing usage of videoconferencing has yielded significant savings in operating costs. FMC highlighted an engagement involving a national client: “we have many lawyers working from different jurisdictions...when they do need to meet, now they can use videoconferencing rather than having everyone travel to a meeting.”

Developing a more agile business

Since 2003, videoconferencing has been a way of doing business for lawyers and support staff at FMC, enabling the firm to adjust to the current economic downturn much faster than some of its competitors. Furthermore, FMC has expanded through several mergers, and the use of video has been central for integrating various parts of the business. Scott Saundry points out that “desktop and boardroom videoconferencing has allowed us to help people create a “name-to-face” relationship that has assisted in the integration process.”

Supporting more efficient work delegation practices

FMC frequently uses multipoint videoconference calls with clients, consultants and subject matter experts that can participate from anywhere in the world. This has enabled better access to people at dispersed locations. Furthermore, FMC believes that the interactive and ocular nature of videoconferencing, as opposed to audio calls, invokes much greater participation, as there is less opportunity to multi-task, read emails, draft memos etc.

Investing back into local communities

FMC has also sponsored several videoconferencing-based educational events within the legal community, such as training sessions at law schools, not only to give back to the community, but also to attract and retain top legal talent.

➤ Conclusion

Investing in visual communications can deliver many of the benefits we have highlighted throughout this paper. These benefits can improve the chances of making it through the recession unscathed – through cost savings and improved productivity.

We have demonstrated that visual communication tools have a vital role to play in helping organisations of all sizes survive the current global economic downturn. It is also now generally recognized that there is light at the end of the tunnel, and for most companies – if not all – business should start to pick up again in the coming twelve months.

Visual communications – whether in the form of a desktop video unit, a videoconferencing room system, or the top-end telepresence solution – is demonstrating itself as a recession-proof investment, able to deliver critical benefits in the good times ahead, as well as the difficult circumstances we are facing today.

Investing in visual communications can deliver many of the benefits we have highlighted throughout this paper. These benefits can improve the chances of making it through the recession unscathed – through cost savings and improved productivity. Additionally – and perhaps more importantly – innovative companies have the opportunity to gain powerful new competitive advantages, through the development of more efficient and effective business processes, enabled and enhanced by visual communications.

Some challenges do still remain – as they do for most types of technology deployments – to make businesses more efficient. It is, for example, easy to underestimate the issues an organisation may encounter when trying to connect different types of videoconferencing or telepresence solutions together, or connect with business partners beyond the company's firewall. However, solutions such as those provided by a managed services provider are available to hide any complexity – enabling users and their organisations to realise the full potential and benefits of their visual communication assets.

Owning many videoconferencing systems may be compared to having a company car fleet of reliable Fords and powerful Jaguars. The individual vehicles can each deliver considerable utility to the company. Having these assets controlled by a managed service provider on the company's behalf is therefore comparable to a private chauffeur service: A fully flexible resource, capable of meeting your business needs at a moment's notice, and adaptable to the different levels of demand you place upon it, and requiring no knowledge of how to drive or what goes on inside the engine compartment.

Overall, there can be no doubt that visual communication tools can enable any business to be more agile. Ultimately, organisations will need to consider the critical question – are we deriving optimal benefits from our current usage scenarios, regardless of whether in-house or managed service options are being pursued?

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages over 45 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 35 offices on six continents. To join our Growth Partnership, please visit www.frost.com

About BCS Global

BCS Global is a leading worldwide provider of visual communications and collaboration services, connecting small businesses and large enterprises to a unique visual collaboration experience. The company owns the world's only fully deployed Global Video Exchange, which enables users across the world to meet instantaneously regardless of their video system, network provider or type of connection. BCS Global is a dynamic young company with a mission to make visual communications available on every desktop and boardroom, and as part of a new-generation business life. BCS Global has been providing video services to some of the world's largest public and private companies. Their unique Virtual Presence suite of services provides a scalable application that can traverse ISDN, IP, 3G mobile, and standard broadband video connections to enable on-demand virtual meetings. Headquartered in the UK, with offices in New York, Shanghai, Toronto and Hong Kong, BCS Global is the future of visual collaboration.

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