

ACHIEVING TANGIBLE BUSINESS VALUE WITH HD VIDEO

Conferencing: Research Study Overview

Introduction

Companies today need to operate with maximum efficiency in a distributed economy and seamlessly connect their geographically dispersed workforce, customers and partners. To remain competitive, organizations want to leverage top talent, no matter their location, to collaborate and develop the best new products and services to bring to market rapidly. However, that collaboration shouldn't cost the company millions in travel costs or the environment in long-term damage from carbon emissions.

Most organizations know that video conferencing solutions are available to help address these needs. However, frameworks aren't readily available to quantitatively assess the true business value of video conferencing solutions and the kind of return on investment they can expect.

LifeSize, a leader in high definition video communications who delivered the world's first HD video conferencing products, wanted to address this issue and provide in-depth data and analysis of the results that can be achieved with video conferencing solutions. They invited Forrester Consulting, a well-respected independent research firm known for their rigorous frameworks, to conduct a thorough third-party evaluation of the LifeSize solution and the results achieved by a client. This document provides an overview of the in-depth commissioned research study conducted by Forrester Consulting¹ on behalf of LifeSize.

Framework & Methodology: Evaluating the Alternatives in HD Video Conferencing

Recently, Forrester Consulting conducted a three-month research study on behalf of LifeSize to evaluate the business and financial impact of HD video conferencing solutions. The study evaluated the Total Economic Impact™ (TEI) and potential return on investment (ROI) of implementing a LifeSize HD video conferencing solution.

The TEI methodology was developed by Forrester Consulting and has been used since 2006 to help organizations determine the value of information technology. TEI not only measures costs and cost reduction (areas that are typically accounted for within IT) but also evaluates the enabling value of a technology in increasing the effectiveness of overall business processes.

The objective of the LifeSize study was to identify and analyze four key elements that affect video conferencing investment decisions: cost, benefit, flexibility and risk factors. Data was gathered by Forrester consultants to build an understanding of the overall video conferencing market and the LifeSize HD video collaboration solutions. Both quantitative and qualitative client research was conducted with a European division (2,500 employees) of a Japanese consumer electronics company that implemented LifeSize HD video conferencing across 47 offices in Europe, the Middle East, Africa and Russia. The LifeSize HD video conferencing solution replaced another vendor's legacy, ISDN-based video conferencing system that was no longer being utilized.

The research study found numerous results, including a 392 percent risk-adjusted ROI, over a million dollar travel cost reduction per year, and close to a 12 percent reduction in carbon emissions.

Overview of the Financial Model

By collecting and analyzing the following sets of data, the researchers were able to provide the risk-adjusted ROI, internal rate of return, payback period, total benefits and cost savings achieved using the solution.

Costs included in the model were those incurred from initial implementation labor, hardware and software, internal training and ongoing administration.

Benefits were comprised of quantitative and qualitative measures. The quantitative benefits came from three sources: total cost of ownership that was measured through maintenance and support contract savings, reduced travel expenditures and increased productivity. Data on qualitative benefits were gathered through customer interviews and showed four key areas of benefit: higher resolution video conferencing with lower bandwidth requirements, improved field sales, more efficient and better working experiences and reduced carbon emissions.

Flexibility, in Forrester's TEI model, represents an

investment in capacity that can be turned into future business benefit with future additional investments. While not included in the ROI analysis, this perspective provides further insight into the business value of the solution.

Risk was broken into two types: implementation and impact risk. The former is the risk of a mismatch between planned and actual investment costs. The latter is the risk of the business requirements not being met by the technology investment, resulting in a lower overall total benefit.

Real-World Results with HD Video Conferencing Solutions

The consumer electronics manufacturer at the center of this study had undertaken an extensive RFQ process to compare different video conferencing alternatives and, after extensive analysis, selected the LifeSize solution. Using their qualitative experience and quantitative data points, the Forrester researchers were able to uncover numerous results. Here are some quantitative and qualitative benefits:

- 392% five-year, risk-adjusted ROI
- Lower TCO (approximately half the ongoing maintenance & support costs of other video conferencing solutions considered by the customer)
- Nine month payback period
- Over a million dollar annual travel cost reduction
- Increased productivity & better work experience
- Higher resolution video conferencing with lower bandwidth required
- Improved field selling
- Reduced carbon emissions

“LifeSize required 20% less bandwidth than the other companies we evaluated. We were able to deliver high definition service to every office. This was a huge benefit. Since the time of implementation, subsequent LifeSize software releases have further reduced bandwidth requirements.”

- LifeSize Client interviewed by Forrester Consulting

Conclusion

With a solid and growing implementation of state-of-the-art HD video conferencing, the customer continues to see benefits and growth in its usage of the solution—in fact, employees are always looking for new and creative ways to use the technology.

The measurable business value achieved by this particular customer using the LifeSize solution is just a single instance of the promise of video conferencing and collaboration in action. With this framework, companies across all industries can measure the results they can achieve using HD video conferencing solutions and decide whether it is the right time for them to join the more than 15,000 LifeSize customers worldwide currently enjoying these benefits.



AMERICAS:

LifeSize
1601 S. MoPac Expressway
Suite 100
Austin, Texas 78746 USA

+1 512 347 9300
Toll Free US +1 877 543 3749
E-mail info@lifesize.com
www.lifesize.com

EMEA:

LifeSize Regional Office
+49 89 1222 899 0 (Germany)
Toll Free Europe +00 8000 999 09 799

APAC:

LifeSize Regional Office
+65 6303 8370 (Singapore)