by Michael Burrell

# IS IT WORTH IT?

## Understanding the ROI of telepresence

**F**rom two-way wrist communicators to life-size holograms, science fiction has long foreseen an ideal form of long-distance communication that was more personal, more intimate. Science fiction has given way to science fact, thanks to telepresence services that delivering a level of realism and cost savings never before seen in business videoconferencing.

Telepresence brings together the worlds of information and communications to enable multinational corporations to collaborate globally. But how can end users and tech managers justify the investment to your companies?

### IS NOW THE RIGHT TIME?

The economic downturn been central in driving the recent demand for telepresence. Reduced travel budgets can isolate remote offices, restricting face-to-face collaboration between employees, teams and entire business units. Telepresence can ensure that transcontinental collaboration is not only preserved but also strengthened. As fewer working hours are lost to traveling, more employees can be looped into larger meetings, and fewer of them have to deal with the stress of being away from home.

On top of that, there are quantifiable cost savings:

▸ In supplying a managed service, the service provider does all the heavy lifting on your behalf.

▸ Many customers have realized a 12-month return on their telepresence investment.

▸ Utilization rates for telepresence exceed those of standard videoconferencing 10 times over, which means a faster payback even though the technologies require a greater initial investment.

▸ Twenty hours of telepresence use per week has a lower cost of ownership than standard videoconferencing.

▸ With telepresence, you can reduce your carbon emissions by an average of 8.4 kilograms per meeting.

### SBM OFFSHORE

The case of SBM Offshore illustrates how telepresence addresses the economic, personal, and global breadth of transcontinental collaboration. As an international group of marine companies providing engineering equipment to the oil and gas industry, SBM has logistics that routinely stretch across a global stage totaling 42 sites in 15 countries.

In 2008, the group was looking for a networking solution that would bring its international R&D teams closer together while cutting back on the costs and delays associated with traveling.

Four offshore sites chose fully managed Cisco TelePresence 3000 solutions in the United States, Malaysia, Monaco, and the Netherlands. The package included project management, consultancy, deployment, network services, and operational management in addition to rooms containing three 65-inch high-definition plasma screens and CD-quality spatial audio.

Six months after implementation, the engagement netted SBM Offshore a cost savings of $1,084,000 in expenses associated with hotels and airfare. That comes out to 6,000 travel hours saved a year and, based on an average distance of 12,875 kilometers (8,000 miles) a trip, close to 400 metric tons of carbon dioxide eliminated a month. In nine months' time, the travel savings alone paid for the entire telepresence engagement.

From a practical standpoint, telepresence's in-depth conferencing environment has enhanced the way SBM Offshore visually collaborates on projects, giving its regional office more of a voice in the planning stages of products. The turnaround time from product development to market has been significantly improved as well. As the initial telepresence deployment had already proved its worth, SBM Offshore added telepresence rooms in areas that are more remote, such as Angola and offshore oil platforms, to extend collaboration even further.

SBM Offshore is indicative of the overall growth trend we are seeing in this space. With telepresence, videoconferencing technology has now matured to that science-fiction ideal, capturing the gamut of interpersonal communications within an electronic medium; and it makes the most sense in these tight economic times.

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**Audio- & videoconferencing equipment has been the fastest growing product category for the last three years, with strong growth expectations through 2012**

**North America: Audio- & Videoconferencing Equipment**

US$ Millions — 2006: 936, 2009*: 1,435, 2012*: 2,085

Total CAGR
2006 – 2009: 15%
2009 – 2012: 13%
2006 – 2012: 14%

* projected

☐ There are a number of factors contributing to increased demand for AV conferencing equipment.

☐ Improved HD technology is having a positive effect on customer acceptance of videoconferencing. Inferior picture quality has held back adoption rates of this technology, but now that HD capabilities are becoming widespread, organizations are showing greater interest in videoconferencing.

☐ The cost of videoconferencing equipment has made the technology cost-prohibitive in the past; as equipment prices have come down, more organizations have been able to justify the investment.

☐ The cost of travel has increased with "no signs of going down." This, coupled with the economic downturn, has forced organizations to look at alternatives, such as videoconferencing.

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