# The Power of Collaboration within Unified Communications

Business Case Considerations for Improving Enterprise Performance

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**Overview: From Infrastructure Enablement to Business-Enhancing Applications**

Historians of communications technologies will likely refer to the era from 1997 to 2007 as the *Decade of Infrastructure Readiness.* Beginning with a select group of global enterprises who sought to decrease operating costs by merging their telephony and data infrastructures, the migration into the 21$^{st}$ century has seen companies of all sizes and types embracing IP-based networks for their inherent cost-effectiveness, flexibility, and ability to support business-driven applications.

In a 2007 retrospective study[1] of enterprise technology priorities, industry research firm IntelliCom Analytics documented the evolution of business leader thinking during this time. From an initial focus on deploying "future-proof" communication infrastructures, IntelliCom found a gradual shift to the adoption of productivity- and efficiency-enhancing applications able to leverage these new, "built out" network assets.

Starting with the largest global and multinational corporations and now moving to medium- and smaller-size enterprises, Figure 1 highlights the stages and timelines of this shift.
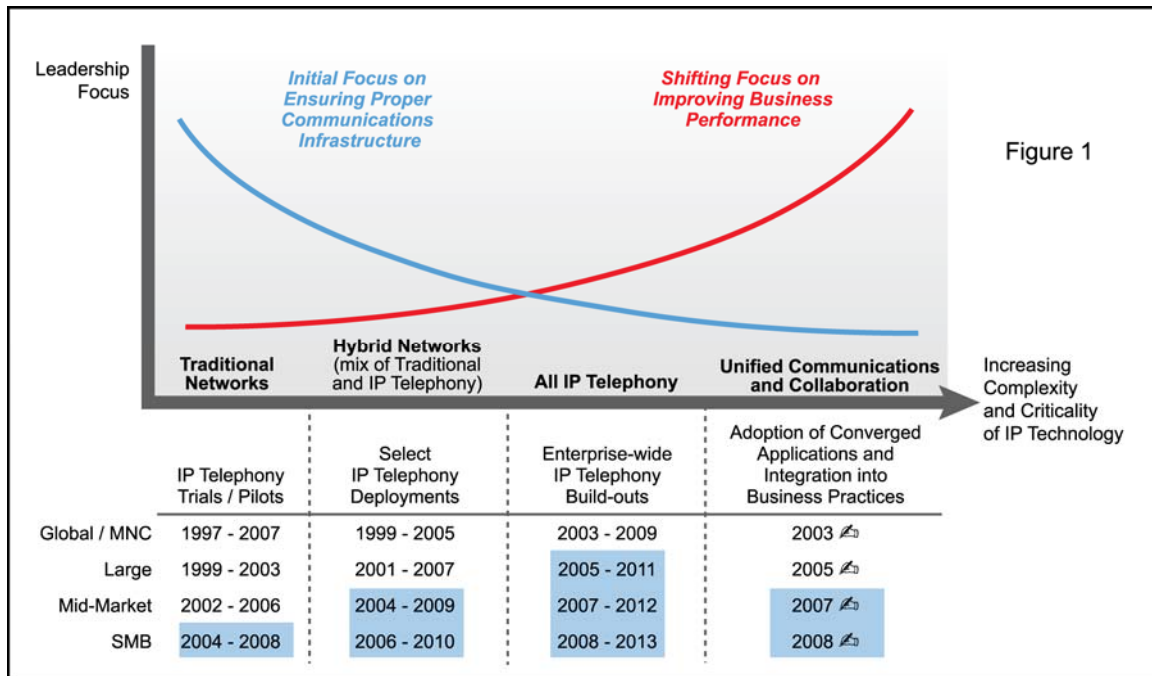


As a global market leader in collaboration tools and solutions, Polycom has enabled thousands of organizations to achieve the full benefits of collaboration in these Unified Communications environments.

This white paper shares practical perspectives on preparing a business case for collaboration tools within Unified Communications, as well as offering best practice approaches for ensuring the successful adoption—and maximum contribution—of collaboration applications in your enterprise.

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**The Business Case for Collaboration**

**First—A *Definition***

Before examining the potential business value that collaboration can bring to your enterprise, a standard definition is in order. The description of Unified Collaborative Communications ("UCC") used by the *Yankee Group*[2] highlights the breadth and strategic significance of these business-impacting solutions:

*"A user experience for audio, video, Web, and data collaboration that breaks down all distance, time, and media barriers, and allows people to communicate with one another anywhere, anytime, and across any medium from multiple endpoints"*

Implicit in this definition are three critical hallmarks of collaboration applications: *immediacy, simplicity* and *interoperability*.

*Immediacy:* In order to deliver the maximum business impact, collaboration solutions (products and associated applications) must be available on demand and support real-time interaction so that your employees can meet whenever they need to, and wherever they happen to be. For those participants that are not able to interact in real-time, true collaboration solutions allow all elements of the session—voice, content, and video—to be archived as a total experience for later access and sharing.

*Simplicity:* The user experience plays a critical role in collaboration solutions. Since many individuals face changes to established work habits with reluctance, collaborative solutions must be easy to use in order to achieve the widespread end-user adoption that is essential to full realization of business benefits and, not insignificantly, investment return.

*Interoperability:* Collaboration solutions are composed not of a single product or application, but of a set of integrated products and applications that includes voice telephony, voice and video conferencing and content sharing, as well as other Unified Communications features such as Web conferencing, presence awareness, and instant messaging. The imperative then is for any single element of a collaboration solution to be based on open standards from recognized independent organizations such as the International Telecommunications Union (ITU). From a usability perspective, interoperability means that collaboration solutions should interact with each other, regardless of the underlying UC network environment.

**Overarching Business Impacts of Collaboration**

When employees have collaboration tools that are easy to use and allow on-demand interaction, an enterprise typically experiences two fundamental changes:

- *The business can "sense and respond" more quickly*

- *The quality of business decisions improves with "anywhere access" to vital information and key personnel*

These twin dynamics have direct implications on your business case for collaboration. As you consider the opportunities to improve speed and agility across your enterprise, identify operations and processes where faster and better-informed decision-making can make a tangible difference in the performance of the business. As a point of reference, we have seen enterprises achieve significant gains in these areas not only with workflows and processes that involve mobile or virtual workers, but also with fixed-location employees as well.

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In the following sections, we will examine a number of these areas, and illustrate the business benefits using the experiences of real enterprises that have incorporated collaboration into their mainstream business processes and workflows.
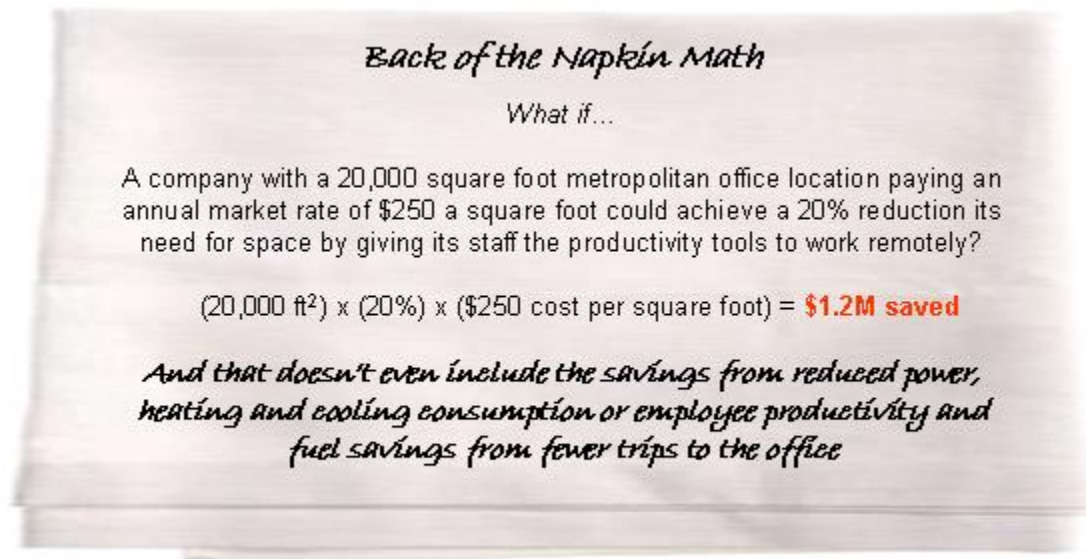
## Reducing the Costs of Employee Overhead

Hardly a day goes by without a major news source or business journal publishing a report on the growing corporate acceptance and adoption of remote work arrangements. The reasons for this are many.

When fewer employees and contractors need to report to a centralized work location, the company has the opportunity to reduce its cost structure, both immediately and over time. As a starting point, less staff at fixed company locations can mean fewer "hard offices" are needed. For employees that still require office space on occasion, the use of shared work areas—often referred to as "hotelling" or "hot-desking" – can drive measurable reductions in the amount of dedicated space a company requires.

Reducing your company's square footage requirements opens opportunities to consolidate existing real estate holdings or down-scale upcoming property acquisition plans. Fewer employees at fixed locations also can translate to lower energy bills and reduced spending on employee-dependent loadings like office furniture, parking spaces, security, and food services.

## Hypothetical Business Case for Reducing Employee Overhead

*Back of the Napkin Math*

*What if...*

A company with a 20,000 square foot metropolitan office location paying an annual market rate of $250 a square foot could achieve a 20% reduction its need for space by giving its staff the productivity tools to work remotely?

(20,000 ft$^2$) x (20%) x ($250 cost per square foot) = **$1.2M saved**

*And that doesn't even include the savings from reduced power, heating and cooling consumption or employee productivity and fuel savings from fewer trips to the office*

## Reducing the Need for Travel

Using collaboration to reduce business travel is among the easiest-to-measure business impacts.

Most enterprises have multiple activities or workflows that provide obvious opportunity to reduce travel expenses, such as negotiations associated with mergers and acquisitions. When a travel-intensive executive at a merchant bank in Manhattan "did the math," he found that the elimination of two international flights a month for himself and two colleagues would completely pay for a telepresence system over the course of a year.

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While remote collaboration is unlikely to ever completely eliminate the need for in-person meetings, most enterprises are surprised by the amount of travel that can be eliminated without reducing business effectiveness. As one venture capital analyst succinctly put it, "*While there will always be situations that require face-to-face interaction, I can tell you we have worked many successful deals with video conferencing.*"

As you assess the opportunity to reduce or eliminate travel-related spending such as airfares, surface transportation, meals and lodging, evaluate whether the use of collaboration tools like video telephony, multimedia conferencing and team telepresence meetings could enable travel-prone personnel like executives or salespeople to be equally effective without leaving their primary location.

W.R. Grace & Company, a leading global supplier of premier specialty construction chemicals and materials, found video conferencing an ideal way to reduce travel. With a strong corporate culture of proactive leadership communications, the CEO and division heads are accustomed to holding face-to-face town hall meetings, often with more than 2,000 employees at a time. By conducting these meetings by video conferencing, not only does executive and employee productivity take a boost, W.R. Grace is able to save an average of $52,000 in travel expense per meeting. When you consider that the company typically holds 20 of these sessions a year, they are realizing hard cash savings of *over a million dollars* annually.

**Hypothetical Business Case for Travel Reduction**



## Back of the Napkin Math
### What if...

A company with major locations in New York and London could cut **just half** of the 600 cross-Atlantic round trip flights they pay for a year by using video conferencing?

(300 Flights) x ($4,000 per Business Class Ticket) = **$1.2M saved**

And If 50% of those flights were actually first class?

(150 Flights) x ($4,000 per Business Class Ticket) +
(150 Flights) x ($11,000 per First Class Ticket) = **$2.3M saved**

*And that doesn't even include the cost of lodging and meals*

**The "Soft Benefits" of Reduced Travel**

While reducing spending on plane fares and hotel stays are among the easiest components to quantify in your business case, travel-related opportunity costs and personnel "wear and tear," while more challenging to capture, are of equal consideration. Although collaboration certainly enables in-transit personnel to remain engaged, unproductive downtime is an inevitable consequence of business travel. When quantifying the financial implications of this lost productivity, utilize realistic financial factors appropriate to the different types of affected employees—whether executive, knowledge worker or salesperson.

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Excessive travel can also take its toll on areas like employee satisfaction and work-life balance, as well as the performance quality of fatigued personnel. Despite ambiguous hard costs tied to these factors in building a business case, few experienced executives question the positive linkage between improved individual and organizational morale, employee innovation and creativity, and the retention of key personnel.

**Going Green with Collaboration**

Having an earth-friendly corporate brand has never been more important, in terms of both marketplace perception and tangible contributions to a sustainable environment and energy policy. Every meeting taken—and business trip avoided—through the use of collaboration translates into fewer carbon emissions.

When collaborative solutions are made widely available in conjunction with flexible work arrangements that allow employees and contractors to perform their functions remotely, additional "green savings" expand the business case. In addition to reductions in real estate costs, energy use and technology infrastructure requirements, also included should be decreased carbon emissions that result from reduced employees commuting. Based on legislation and mandates already enacted in several parts of the world, the necessity for businesses to demonstrate environmental compliance is likely to significantly increase going-forward.
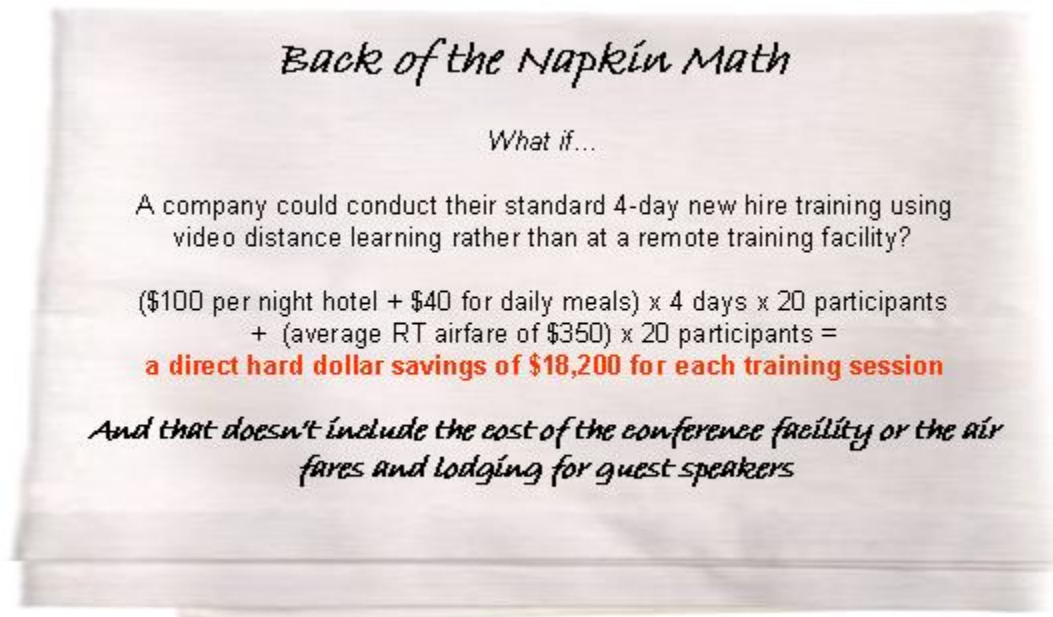
**Collaboration and Training**

A significant amount of business travel has traditionally involved employee training, whether conducted internally or in conjunction with partners and suppliers. Using collaboration tools to shift some or all training to a distance learning model showcases another key area of enterprises success.

Allstate Insurance, for instance, trains an average of 2,000 new agents each year through their National Sales Education Center. In the past, participation required attendees to travel to Chicago at considerable expense to the company. Now, training is conducted using Allstate's video conferencing network, which allows the agents—as well as guest instructors—to fully participate remotely without having to travel to the physical center.

Owens-Illinois (O-I), a global leader of packaging products, is seeing similar savings. Faced with government-mandated training that once require participants to leave their manufacturing locations and travel to a central location for an entire week, O-I now uses a distance learning video application that allows training to take place right in the plant. Between airfare, hotels, meals, and the opportunity cost of their employees' time, they are conservatively saving *a half-million dollars a year*.

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**Hypothetical Business Case for Training**



> # Back of the Napkin Math
>
> ## What if...
>
> A company could conduct their standard 4-day new hire training using video distance learning rather than at a remote training facility?
>
> ($100 per night hotel + $40 for daily meals) x 4 days x 20 participants + (average RT airfare of $350) x 20 participants = **a direct hard dollar savings of $18,200 for each training session**
>
> *And that doesn't include the cost of the conference facility or the air fares and lodging for guest speakers*

**Collaboration and Recruiting**

**Lower Cost Interviews**

The use of collaboration is also seeing broad adoption in the HR hiring process – both in terms of reducing travel-related expense as well as in accelerating the entire recruitment and interviewing workflow. Consider the expense eliminated when an interview can be accomplished using video conferencing instead of flying a candidate to the location of the hiring manager.



Figure 2

*Recruiting Cost Comparison When Candidate Flies In For Interview vs. Video Conferencing Interview*

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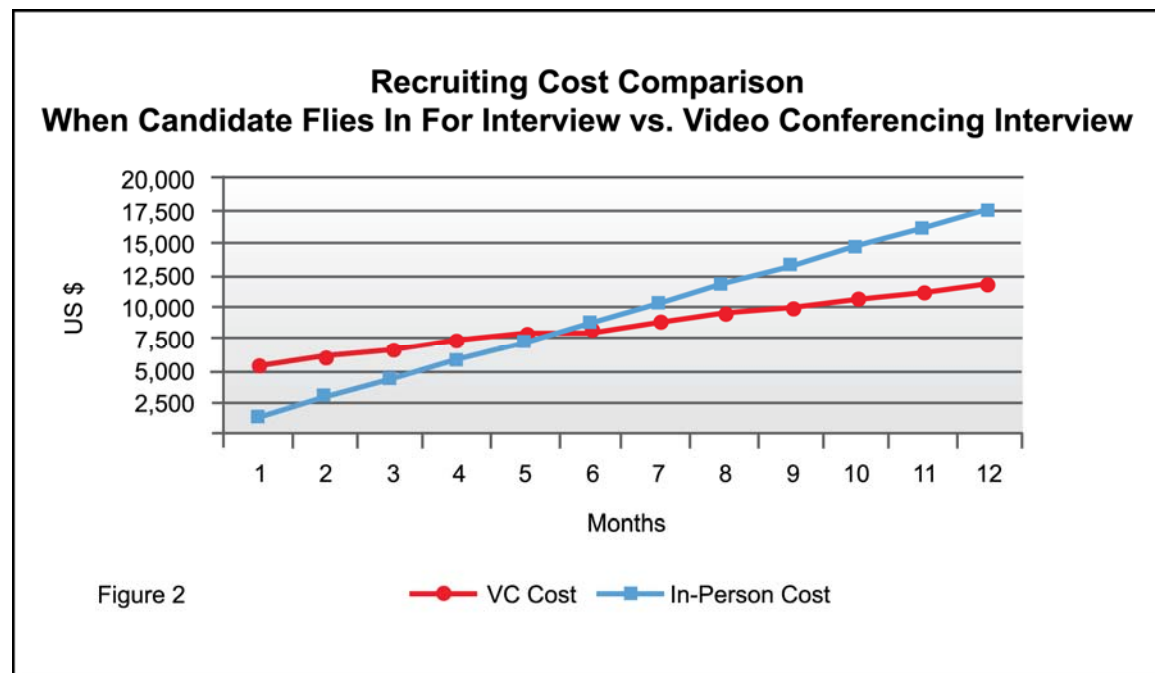
Video interviews have become the norm at San Jose-based Altera Corporation, a developer of advanced programmable chips. In the past, when they made a senior hire in Asia, for instance, the cost for a single visit could easily top $10,000. Now, using the videoconferencing system they have in all their worldwide locations, they simply ask the candidate to come to one of Altera's regional offices.

## Accelerate the Hiring Process

In addition to lowering the travel expense associated with recruitment, the use of Unified Communications solutions can also reduce hiring timelines by streamlining the interactions between HR, executive recruiters and candidates.

Consider the example in Figure 3, based on statistics from the U.S. Department of Labor and the experience of a biotechnology firm outside of Boston that actively utilizes video conferencing in their hiring process. In addition to conducting interviews remotely, they record and archive the sessions so that other stakeholders can review the session later—increasing the exposure of the candidate and helping ensure the best possible hiring decision.
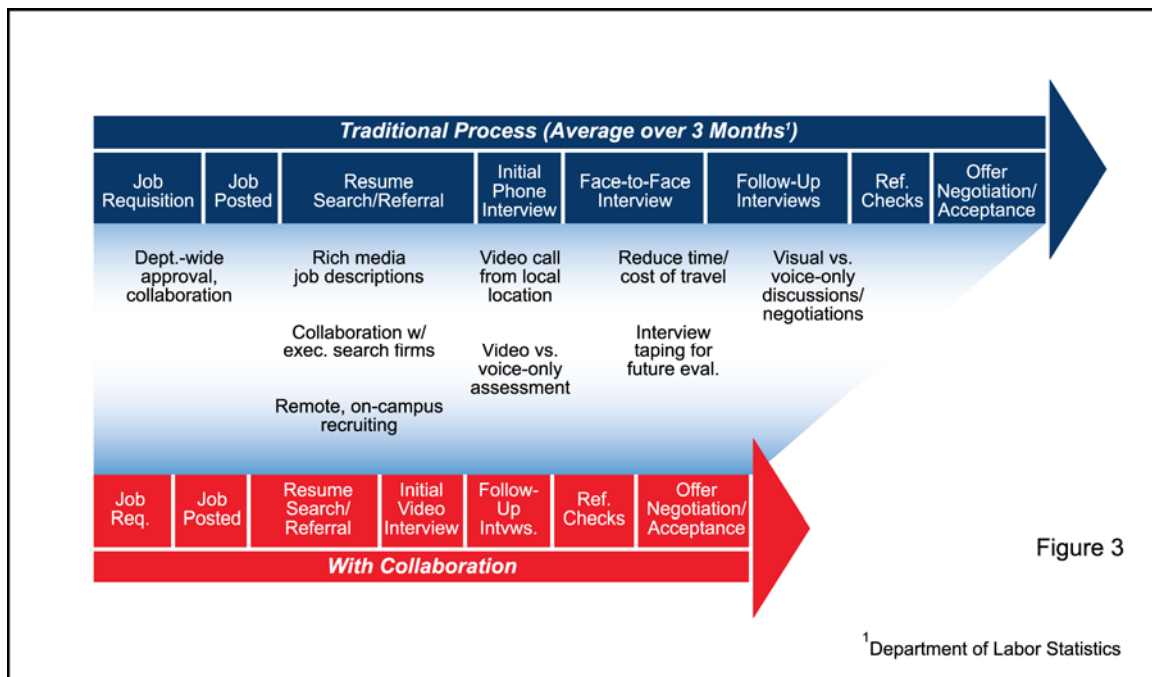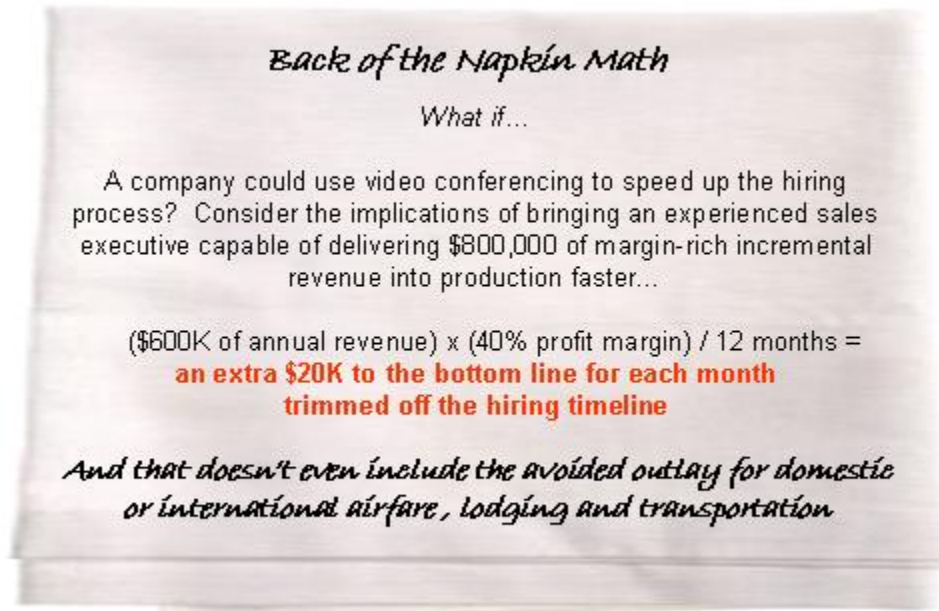


Figure 3

Faster placement of a key individual has competitive implications, as well. In addition to potentially "scooping" rival companies on a valuable resource, shorter recruitment intervals also means that the hired individual can make productive contributions to the firm faster.

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**Hypothetical Business Case for Recruiting**

*Back of the Napkin Math*

*What if...*

A company could use video conferencing to speed up the hiring process? Consider the implications of bringing an experienced sales executive capable of delivering $800,000 of margin-rich incremental revenue into production faster...

($600K of annual revenue) x (40% profit margin) / 12 months =
**an extra $20K to the bottom line for each month trimmed off the hiring timeline**

*And that doesn't even include the avoided outlay for domestic or international airfare, lodging and transportation*

**Collaboration and Project Management**

Accelerating the pace of business can bring significant impacts to other key work flows as well. Figure 4 illustrates how the use of collaborative solutions can produce sizable reductions in product development intervals by tightening the linkages both internally between multiple departments and work groups, as well as externally with key partners and suppliers.
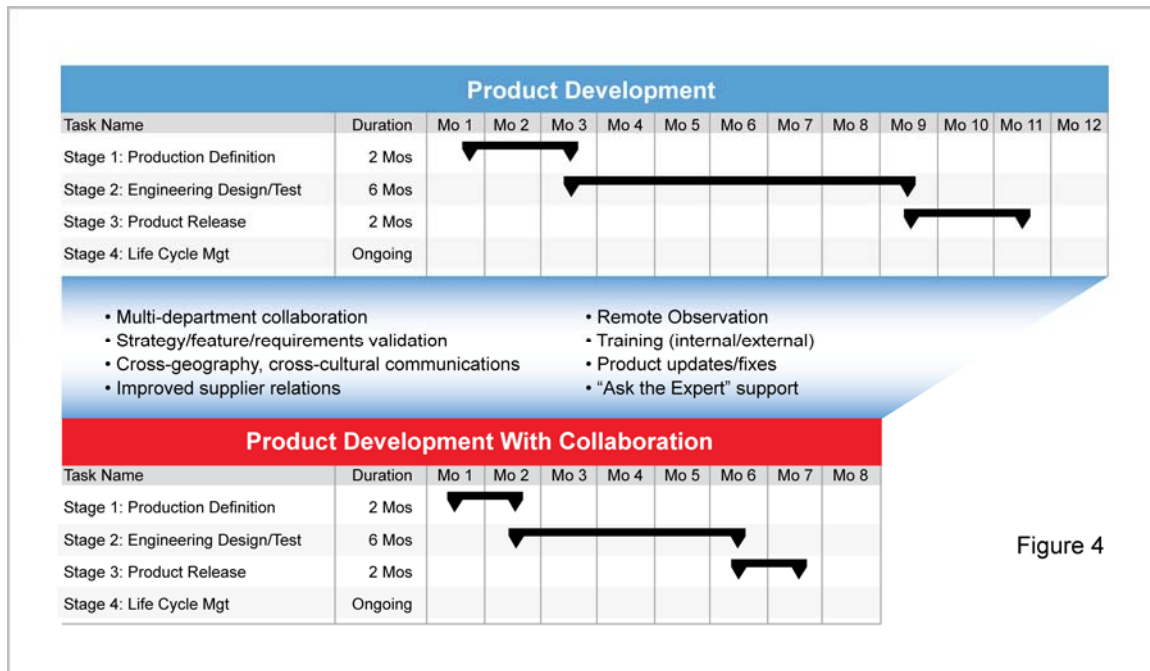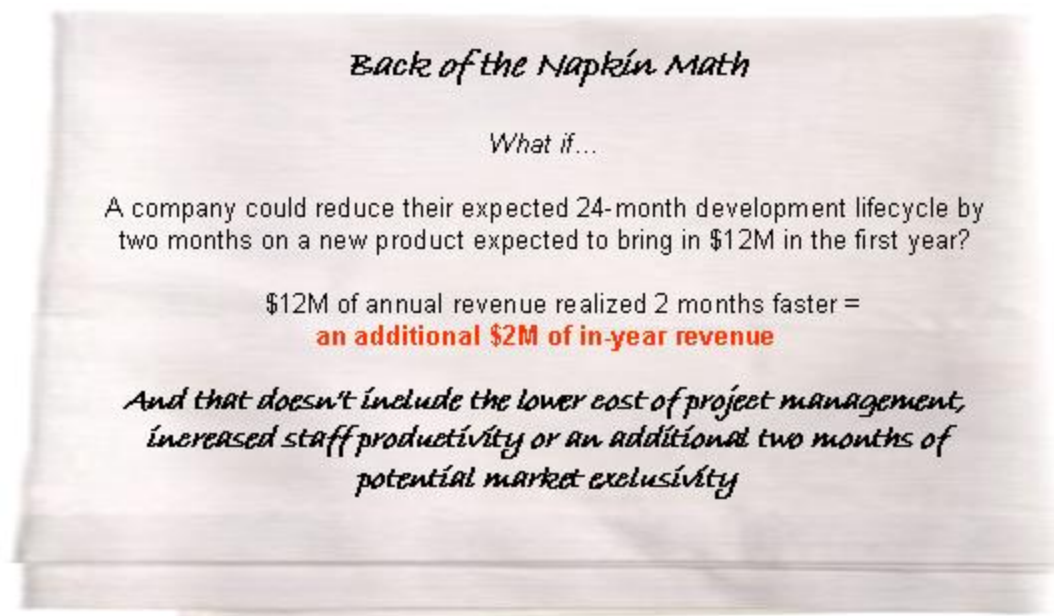
### Product Development

| Task Name | Duration | Mo 1 | Mo 2 | Mo 3 | Mo 4 | Mo 5 | Mo 6 | Mo 7 | Mo 8 | Mo 9 | Mo 10 | Mo 11 | Mo 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Stage 1: Production Definition | 2 Mos | | | | | | | | | | | | |
| Stage 2: Engineering Design/Test | 6 Mos | | | | | | | | | | | | |
| Stage 3: Product Release | 2 Mos | | | | | | | | | | | | |
| Stage 4: Life Cycle Mgt | Ongoing | | | | | | | | | | | | |

- Multi-department collaboration
- Strategy/feature/requirements validation
- Cross-geography, cross-cultural communications
- Improved supplier relations
- Remote Observation
- Training (internal/external)
- Product updates/fixes
- "Ask the Expert" support

### Product Development With Collaboration

| Task Name | Duration | Mo 1 | Mo 2 | Mo 3 | Mo 4 | Mo 5 | Mo 6 | Mo 7 | Mo 8 |
|---|---|---|---|---|---|---|---|---|---|
| Stage 1: Production Definition | 2 Mos | | | | | | | | |
| Stage 2: Engineering Design/Test | 6 Mos | | | | | | | | |
| Stage 3: Product Release | 2 Mos | | | | | | | | |
| Stage 4: Life Cycle Mgt | Ongoing | | | | | | | | |

Figure 4

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With integrated collaboration, task and time compression can be realized throughout the entire lifecycle – from upfront needs assessment, validation and design, to testing, quality assurance and market introduction. In competitive industries, getting your product or service out faster can often directly contribute to first-to-market advantage.

Leading aircraft manufacturer Airbus used Collaboration as a key enabler in the development and production of the Airbus 380 – the world's largest commercial aircraft. As a European consortium, parts for the aircraft come from multiple countries and hundreds of suppliers, requiring intense coordination and synchronization on an international level. Airbus found that video conferencing could measurably accelerate the key project timelines, and wound up shifting an average of 1,200 face-to-face meetings a month to video sessions – resulting in higher work team productivity and considerable travel cost savings.

**Hypothetical Business Case for Project Management**



**Back of the Napkin Math**

What if…

A company could reduce their expected 24-month development lifecycle by two months on a new product expected to bring in $12M in the first year?

$12M of annual revenue realized 2 months faster =
**an additional $2M of in-year revenue**

And that doesn't include the lower cost of project management, increased staff productivity or an additional two months of potential market exclusivity

**Essentials for Ensuring Success of Collaboration**

In this final section of the White Paper, we have drawn from the experiences of our customers and share several "lessons learned" that directly contributed to the successful deployment and adoption of collaborative solutions. It is worth noting that these best practice approaches can apply to all enterprises, regardless of size or industry sector.

**The Value of the Baseline**

To adequately demonstrate the impact of an investment one must first understand the state of performance *before* the investment was made. When preparing a business case for collaboration, measure—or at minimum, model—the financial dynamics of each factor anticipated to be impacted by the deployment of collaboration tools. In addition to measuring baseline performance, have a process in place for performing post-deployment measurements in order to gauge Return on Investment and Total Cost of Ownership impacts.

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**Ensure Leadership Engagement**

When it comes to factors that can cause disappointing business results with collaboration, weak leadership support is a "close second" to poor network quality. Having highly visible and energetic executive support is essential whenever changes to corporate culture are made and the adoption of collaborative solutions is no exception. There are few better forms of reinforcement for collaboration than when the organization-at-large sees their executives making use of the solutions made available to them.

If executive engagement is a key success factor, so too is aggressive support of collaboration at all levels in the business. The majority of customers that have had outstanding results with the adoption of collaboration report that they actively recruited and supported organizational "angels" – managers and non-managers across the business that acted as advocates for collaboration and were local "eyes and ears" to report any issues that might present themselves.

**Taking the First Step**

In addition to identifying and baselining the expected areas of business improvement from collaboration, another important consideration will be your approach to implementation – whether to roll out in phases, or deploy in a "flash-cut" to the entire company at once.

Logistically, many companies find it easier to deploy Unified Communications (including collaboration) incrementally by choosing a particular line of business (such as the R&D organization) or a specific job function (such as sales) to act as an initial pilot population. Other companies introduce these solutions to all employees at the same time in order to enable widespread realization of business benefits.

Clearly good reasons can be found for either approach, but both require a clearly defined approach. In addition to ensuring that the proper budget is assigned, specifying your deployment plans provides clarity on when and where to conduct the post-deployment measures that will form the "before and after" impacts to your business.

**The Importance of the User Experience**

When we are asked by business leaders to perform post-deployment "check-ups" on the use and impacts of collaboration, we have repeatedly found poor audio and video quality to be one of the biggest reasons for underwhelming end-user utilization of collaborative solutions. When root cause analysis is performed, the source of the problem nearly always traces back to underlying performance issues in the company's Local and Wide Area Networks.

To help prevent your introduction of collaboration tools from "getting off on the wrong foot" due to avoidable problems in the network, be sure to engage your technology organization early in the planning process for deploying collaboration. Conducting upfront network performance assessment testing *prior* to deployment of collaboration solutions is uniformly recommended. Many businesses have also had good experience in appointing a senior individual in the Information Technology organization to have accountability for ensuring that collaboration service quality remains at desired levels.

**Endnotes**

[1] IntelliCom Analytics. *Basic Communications in 2007: The State of the U.S. Market.* (May 2007, used with permission).

[2] Kerravala, Zeus and George Hamilton. *Unified Collaborative communications for the Real-Time Enterprise,* Yankee Report (February 2004).

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