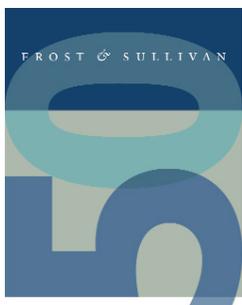


Businesses Look to Expand Usage of Conferencing Tools as Budgets Improve in 2011 and Beyond

Elka Popova, Program Director, Unified Communications & Collaboration



The global economy is emerging from the recession and preparing for growth. Positive GDP and employment forecasts in the U.S. and Canada point to economic stabilization in the North American region, which is expected to unleash pent-up demand for advanced communications technologies. But are businesses seriously pursuing new technology investments? Are budgets in line with the perceived value of unified communications and collaboration?

Frost & Sullivan recently completed its 2010 communications & collaboration technologies end-user survey, which targeted 200 North American C-level executives and identified their investment priorities and adoption drivers for advanced technologies, including IM/presence, UC, audio, Web and video conferencing, telepresence and collaboration. An impressive 50 percent of respondents expect their communications and collaboration budgets to increase over the next 12 months, while 47 percent say their budgets are likely to remain the same.

Overall, business decision-makers seem to acknowledge the value of advanced IT and communications technologies in developing operational efficiencies and a competitive advantage. Top-ranking reasons for budget increases include the need to improve productivity and to take advantage of technology advancements. Yet perceptions of the different technologies and their value vary significantly. Current and future adoption plans indicate a preference for technologies that drive immediate cost-savings as well as future productivity enhancements.

Conferencing technologies—audio, Web, video and telepresence—gained significant traction throughout the recession as businesses sought to keep virtual teams connected while reducing travel costs. More than 50 percent of all businesses included in the survey report using conferencing technologies, with 65 percent of those using audio and Web conferencing extensively throughout their organizations.

More than 50 percent of conferencing technology users increased their conferencing budgets over the past 12 months. More importantly, about half say they intend to increase usage over the next 12 months. Almost unanimously, respondents consider these technologies important, and about 60 percent consider them very important for the success of their business operations.

The ability to improve collaboration and productivity among geographically dispersed teams was identified as the top driver for audio and Web conferencing adoption. Additionally, audio conferencing is used to improve customer service and accelerate decision-making. Web conferencing, on the other hand, helps enhance employee mobility and reduce costs. Drivers for increasing adoption of video conferencing and telepresence include cost reduction, improved collaboration and productivity among geographically dispersed teams, and improved customer service. Future plans for increased usage of conferencing tools correlate with additional objectives, such as improving employees' work-life balance and general welfare, and helping advance corporate environmental goals.

Respondents who do not use audio conferencing explain they have delayed implementation due to other investment priorities and cost concerns. Interestingly, those who have not yet adopted Web conferencing say their concerns center around quality/application performance and lack of user training. Similarly, respondents state they are not using video conferencing due to quality and performance issues, as well as cost.

As budgets improve and conferencing technologies mature and become more affordable, usage of conferencing tools is likely to increase. Approximately a quarter of non-users have plans to adopt conferencing technologies over the next 12 months, and another 15 percent to 20 percent plan to do so over the next two to three years. Frost & Sullivan projects between 15 percent and 20 percent compound annual growth rate (CAGR) in world audio, video and Web conferencing endpoints, systems, software and services spending over the next five years.



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 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from over 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.