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ROI Videoconferencing Tips

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October 21, 2010

Return On Investment for any platform choice – what does it mean to you and your organization? The Wikipedia definition is "the rate of money gained (or lost) on an investment relative to the amount of money invested", or simply put an investment's payback period. In the IT space, any product or technology that has a payback of less than 24 months is something to seriously consider. Of course and this goes unsaid, the shorter the payback period the better. ROI helps facilitate project approvals internally and can be used as a catalyst for value derived through implementation of a product. Value can be derived from hard dollar savings, improving time to market for your own product or service, bring experts together in a "virtual" room, and in other ways.

Videoconferencing offers a hard dollar soft dollar savings components. For purposes of this article, we will focus on hard dollars and mention soft dollar savings as well.

Videoconferencing's single largest cost savings benefit is to reduce travel costs. Everyone would agree that there is nothing like a face-to-face meeting. However, the time it takes to travel and meet together live takes at least a business day away from an individual's schedule. In a right-sized, downsized economy, fewer internal resources means someone's added time for tasks with fewer resources.

This makes the travel element even more critical, time to deliver on projects and sales with fewer resources. "Hard" travel costs can include, but not limited to:

- Flight costs to-from destination
- Meals
- Hotel costs for overnight stays
- Local travel or rental cars
- Other travel costs
- Airport parking

These costs can be substantial and costs can typically range from $1,200-$1,800 for a 2-3 day trip from the office, per person (will vary by city and flight costs). These costs should be evaluated based on current staff travel requirements (number of personnel traveling within the organization (or region) and frequency of such travel average monthly). We have seen travel modified based on the introduction of videoconferencing by as much as 60%. Using 40% as a baseline, typical ROI for a small-to-medium videoconferencing system is 12-18 months, and worst case 24 months.

A "softer" savings area that should be considered is an individual's salary and down time due to travel. There are other benefits attached to videoconferencing that may not be attached to a particular ROI but will provide your organization added value – they include:

- Quality of life for employees who normally travel extensively
- Maintaining operations and speed of decision-making
- Unifying the organization - help facilitate a "one virtual building" approach
- Facilitating training throughout the organization
- Attending live or replay the stored videoconference later
- Certifying you and staff have seen the video and kept up-to-date with standards and requirements
- Accessing experts quickly in remote facilities for face-to-face meetings
- Supporting green initiatives throughout the company and nationally

To balance the cost savings and other benefits, there are cost factors to consider. They include:

- ISDN line costs
- Proportional MPLS or Ethernet network costs associated with video bandwidth
- Bridging capital costs or fees for connecting greater than two points in a larger videoconference venue
- Capital costs of videoconferencing
- Annual maintenance costs of videoconferencing equipment
- IT and administrative staff efforts to support videoconferencing initiatives and Day 2 support

So how should you look the ROI of videoconferencing? Start with the hard dollar tangible savings. Interview select management and determine salary time as a possible additional cost. Brainstorm with executives about the intangible benefits associated with videoconferencing that can help differentiate you and your organization from your competition. Videoconferencing can be an excellent value-add for delivering a key product or project within time frames necessary to directly affect your organization's speed to market and a more comprehensive product.

The Return on Investment for videoconferencing is clear and the investment in videoconferencing can pay for itself in as little as 12-18 months (or sometimes even sooner) using the areas covered in this article. The hard dollar benefits are there, and intangible benefits that could eventually be even more valuable to the organization as you invest and utilize the opportunities attached to videoconferencing as a tool to support your organization in a virtual, one building environment. Don't underestimate the value, both tangible and intangible, that videoconferencing can bring to your organization.

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