
Interactive Media Strategies
Research Report

Democratizing Business Video

How Desktop Multimedia
Is Transforming
Communications in the Enterprise

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INTERACTIVE
MEDIA STRATEGIES

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*** All Statistical Results Presented Represent Results from the Interactive Media Strategies' Enterprise Web Communications Survey, conducted in the Second Quarter of 2008, In the survey, 1,212 corporate executives were asked to detail their use, deployment and perceptions of a wide range of Web Communications technologies, including online multimedia, rich media, Web Conferencing, instant messaging and podcasting.**

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Executive Summary

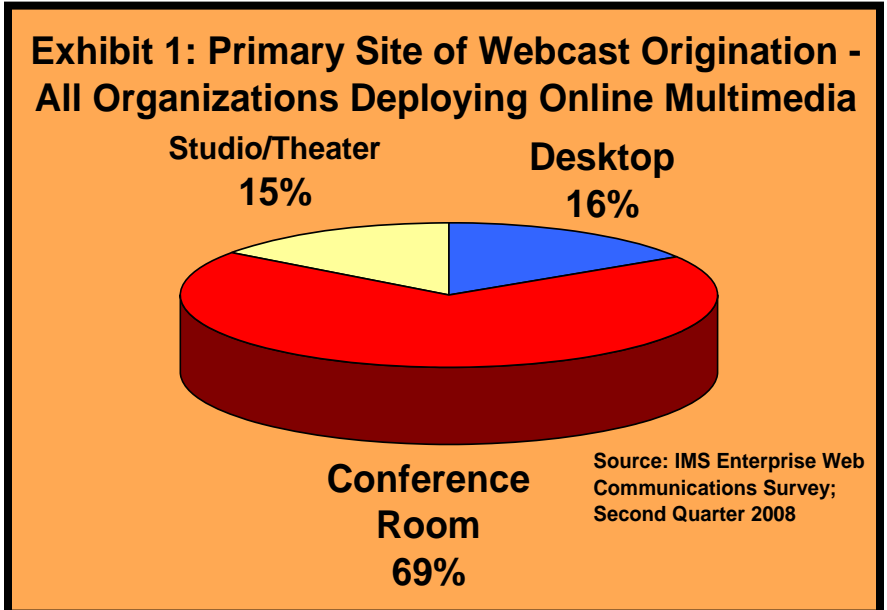
Video is making its way to the corporate desktop, bringing with it a fundamental shift in how executives integrate two-way multimedia into their day-to-day business communications. Driving this change are adoption patterns for desktop video that are higher-than-average among two key enterprise groups: companies that already rely heavily on technologies enabling corporate video and organizations that have identified video as a strategic initiative and have recently begun implementing video conferencing on their network.

As firms push to democratize business video by making it possible to engage in and produce video events from the desktop, executives not only will see significant changes in how video is used within their organization but will also witness a transformation in perceptions of how to best justify investment in the technology and leverage video capabilities for maximum business benefit.

I. Momentum in Desktop Video Adoption

Desktop video today stands on the cusp of a major breakthrough in the corporate sector. Defined in this report as technologies that allow employees to both view networked video content and participate in video-enriched online conferences from their customary workspace, desktop video traditionally has not been considered a mainstream technology for the enterprise.

Most networked business video produced today - whether viewed on a live or on-demand basis - emanates from the confines of the corporate conference room. Sixty-nine percent of companies represented in a survey of 1,212 business executives conducted by Interactive Media Strategies in the second quarter of 2008 report that the majority of their online events and presentations integrating multimedia originate from these conference rooms. Only 16% report that the bulk of their Webcasts incorporated video originating from corporate desktops. The rest of the respondent group (15%) said their firms produce the majority of their online multimedia events from theaters or professional broadcast studios. (Exhibit 1) In short, the conference room is the venue of choice for executives creating video-enriched business communications events.



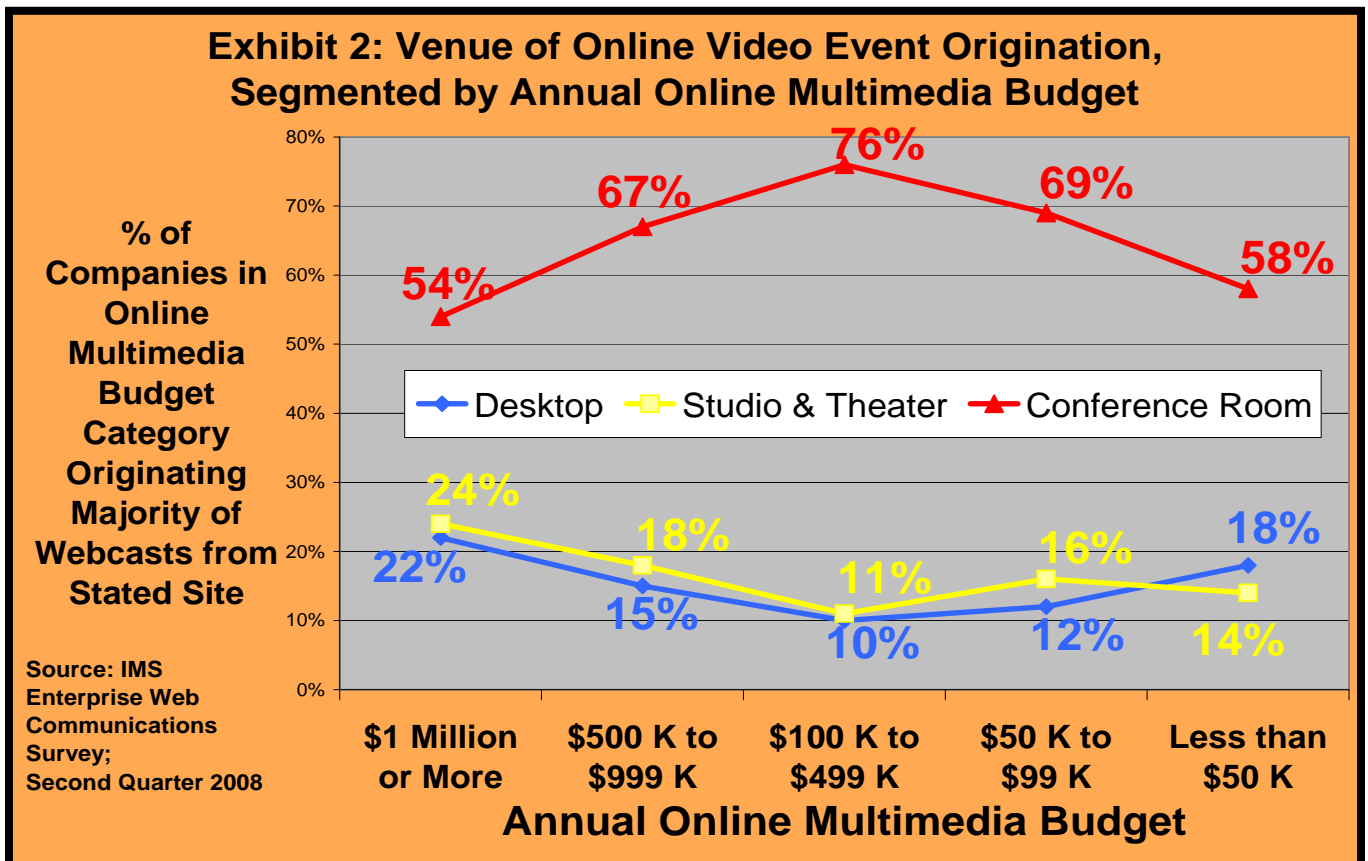
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But adoption trends in some key growth segments of the corporate multimedia sector signal a larger change on the horizon for desktop video adoption patterns. Two groups that typically account for significant expansion in year-over-year spending on business video technology both are showing a higher-than-average propensity for desktop video.

Consider, for instance, the adoption trends seen at the high-end of the corporate spectrum among organizations investing more than \$1 million annually in online multimedia technology deployment. These big-budget organizations are watched closely in the enterprise multimedia sector because their buying decisions help to set priorities in technology development today that influence the evolution of video solutions offered to the mainstream corporate market over time.

Among these big-budget market makers spending more than \$1 million annually on online multimedia, 22% report that the bulk of their online multimedia events originate at the desktop. In this high-end group, 54% still report the bulk of multimedia activity emanating from the conference room. But, clearly the gap between multimedia activity at the desktop and the conference room is narrower than seen in most other spending category groups. (Exhibit 2)

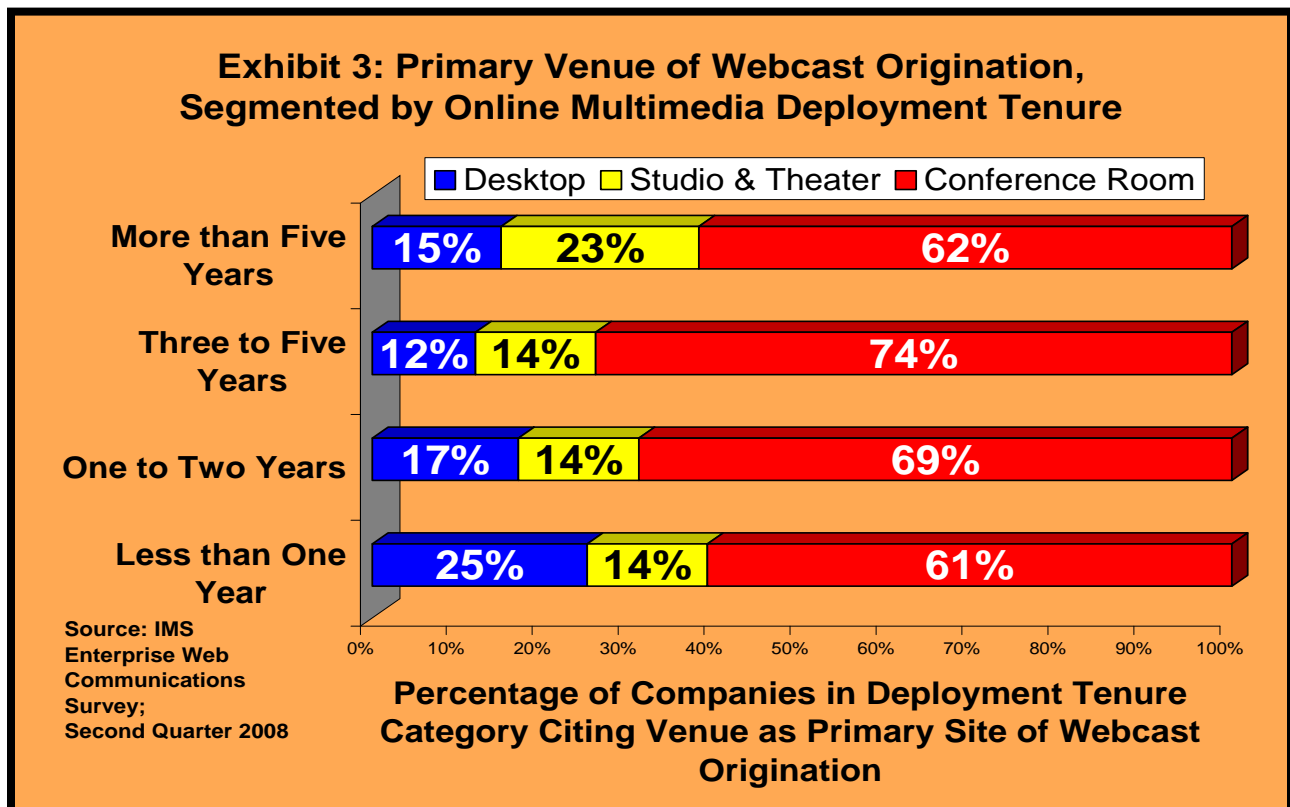


But desktop video is not an enclave reserved only for those with rich budgets. Companies spending less than \$50,000 a year on online multimedia also display a higher-than-average interest in desktop video, with 18% of this low-spending category reporting origination for the majority of Webcasts at the desktop level.

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These two disparate spending groups likely do not share the same rationale for implementing online video. For the big spenders, the ability to produce video from at the desktop is part of an initiative aiming to make video communications ubiquitous within their organization. At small-budget firms, desktop systems are more likely to be seen as video conferencing starter kits that offer a cost-effective alternative for kick-starting needed video communications initiatives.

Whatever the rationale, however, companies at both ends of the corporate spectrum still are showing higher-than-average adoption rates for desktop video, creating twin engines of growing corporate demand for broadly accessible video communications technologies.



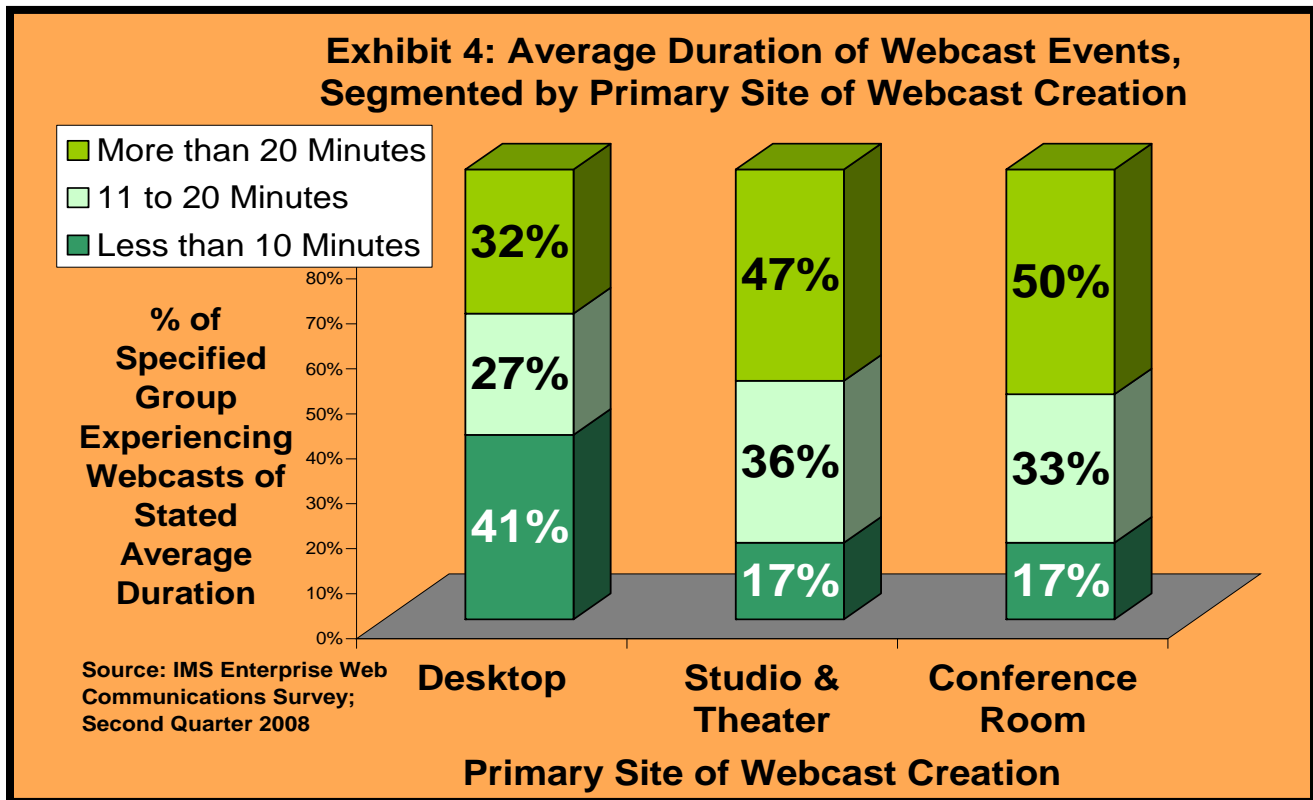
Notably, the ability to produce and participate in video events from the desktop appears to be of out-sized importance to organizations that are relatively new to the adoption of networked video communications. As illustrated in Exhibit 3, one-quarter of all survey respondents at companies that have been using online multimedia for less than a year report that the majority of their online events originate from the desktop. That's a higher rate of desktop video adoption than is seen in any other online multimedia tenure category, hinting that firms new to the technology – and likely those still considering their first implementation of video – have a greater affinity for creating video at the desktop than do those at companies that already have deployed online multimedia. This suggests that desktop video may introduce a new variable to the business video communications equation that could encourage companies now unfamiliar with online video to take their first plunge in experimenting with the technology.

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II. Why Desktop Video Matters

Broader adoption of desktop video in the corporate sector is vitally important in shaping the future direction of how the technology is adopted in the enterprise. Survey data indicates that the impact of today's increasing use of desktop video is consistent with Metcalfe's Law – the theory that postulates that the value of a communications network grows exponentially with the number of nodes on that network.

As more desktops are equipped to participate in two-way video conferences, more outlets for video communications in the enterprise are enabled. And, as the network grows, business video usage patterns appear to change as well.



First, the handy accessibility of the equipment that enables the origination of video at the desktop level fosters a different pattern of video communications. Historically, video conferencing and other network-based video solutions have been associated with the presentation of elaborate, pre-planned communications events. Typically, lasting more than a half-hour each, these events would leverage video platforms video to distribute executive presentations, training sessions and other long-form business content.

Desktop video, in contrast, appears to encourage more bursty, short-form sessions. At organizations that produce more than half of the online multimedia events at the desktop level, 41% of executives report that the average online multimedia event lasts less than 10 minutes. At companies producing the bulk of their events in conference rooms, studios or theaters, only 17% report average

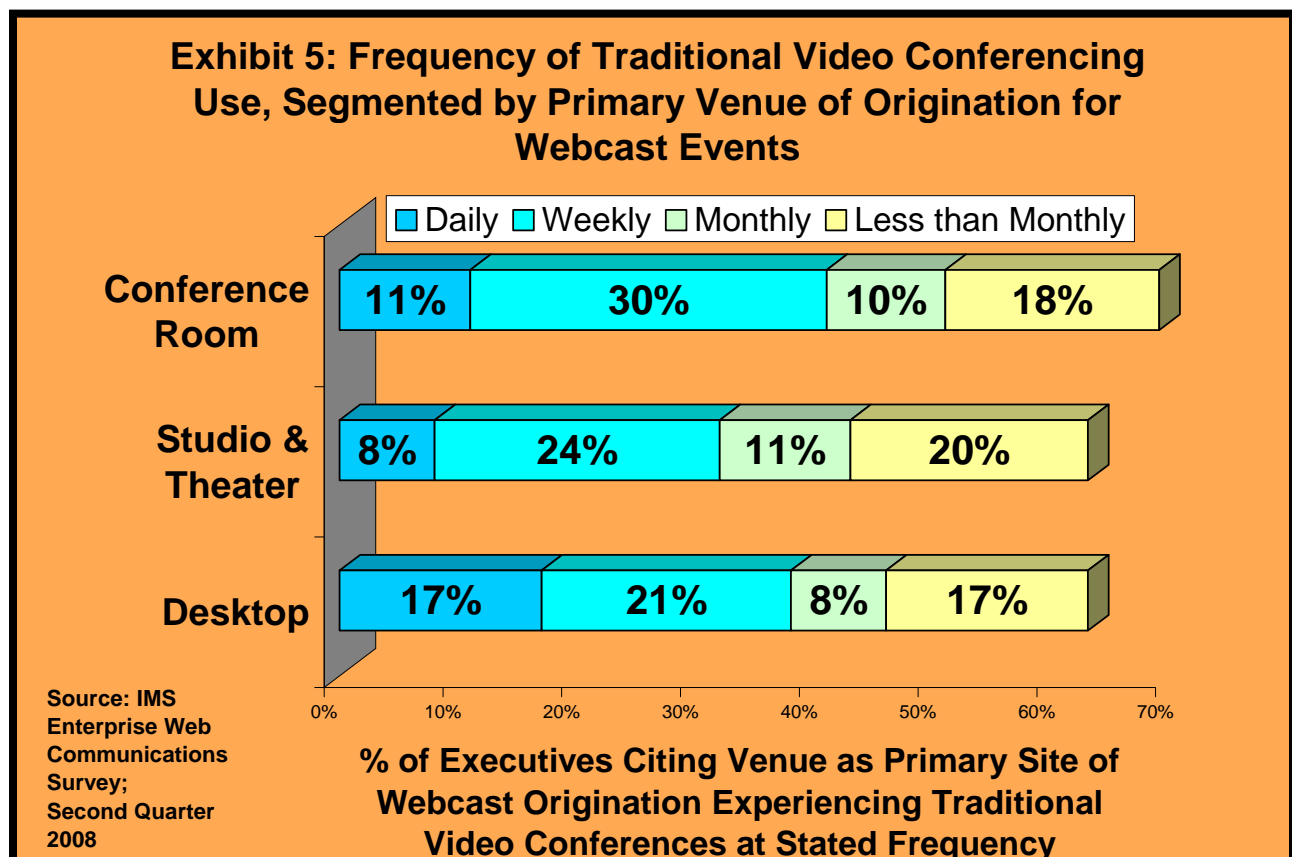
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Webcast duration of less than 10 minutes. (Exhibit 4) It is reasonable to expect that the shorter sessions characteristic of the desktop video experience are likely to be more akin to telephone calls or conference calls in which a handful –or even just two – individuals convene to share information rapidly. This marks a significant evolution from the more formal communications structure associated with traditional video conferencing.

Indeed, exactly half of the organizations that use conference rooms as the primary venue for producing online multimedia events report that the average length of an online event exceeds 20 minutes. Essentially, conference rooms lend themselves to pre-planned events while desktop video appears to encourage adoption of video on an ad-hoc basis that lends itself to shorter video-enriched sessions.

These complementary uses of video contribute to the growth of a “culture of video communications” at organizations that deploy desktop video. Rather than making past investments in traditional video conferencing equipment obsolete, the presence of desktop video actually correlates with expanded use of traditional video conferencing capabilities.

Among executives at companies the produce the bulk of their Webcasts at the desktop level, 17% report that they attend a “traditional video conference” on a daily basis. Another 21% of the desktop video group report weekly usage of traditional video conferencing. (Exhibit 5) Companies that cite the conference

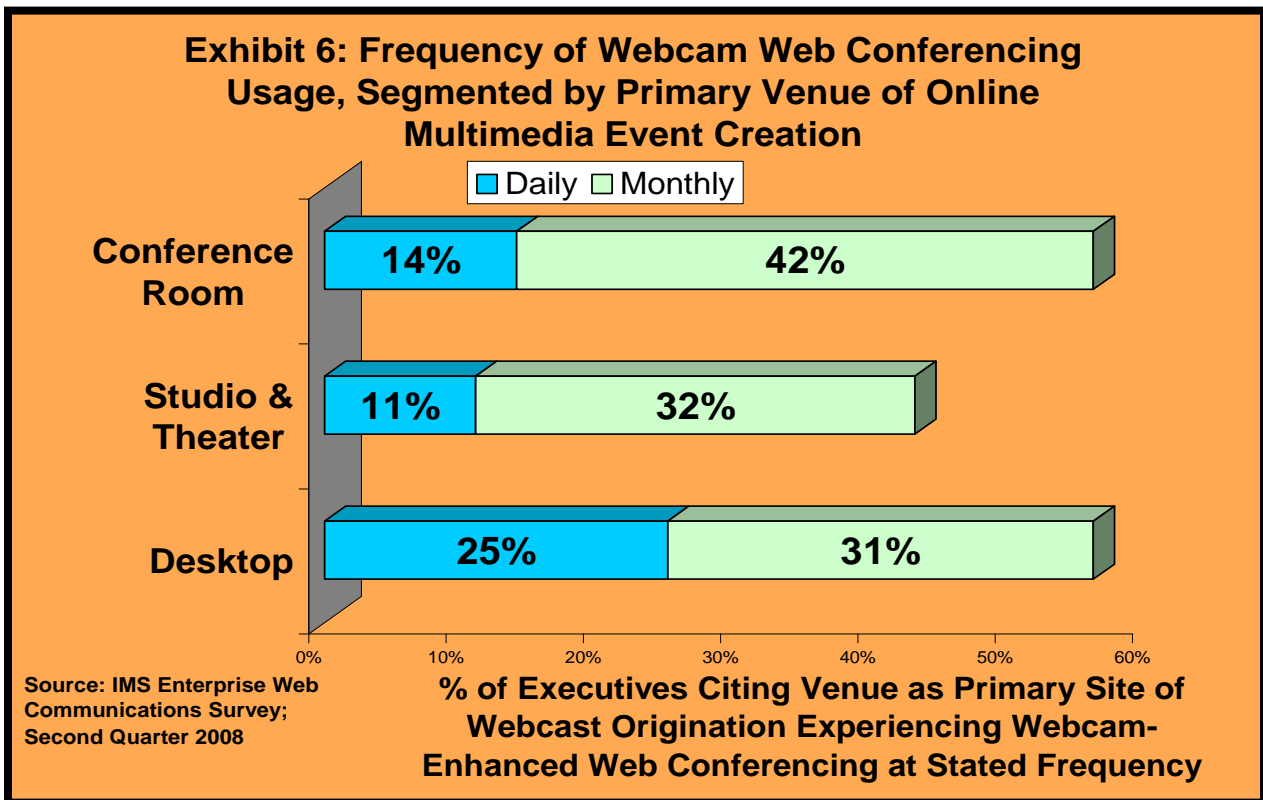


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room as the primary cite of Webcast creation, in comparison, 11% use traditional video conferencing daily with another 30% reporting weekly usage of traditional video conferencing.

The results underscore the idea that companies do not face an “either/or” decision when evaluating the potential benefits of implementing desktop video against legacy investments in video conferencing gear. At the very least, the two video venues are complementary to one another, and survey results suggest that the implementation of systems that enable individuals to participate in video events from the desktop will help organizations unlock even more communications value from their historical investment in traditional video conferencing systems.

Convenient access to video capabilities also appears to lend itself to more extensive use of multimedia in online collaboration sessions, as well. Executives at companies producing the bulk of their online multimedia events at the desktop level are far more likely than average to participate frequently in Web Conferences that incorporate Webcam video.



As illustrated in Exhibit 6, 25% of executives that work at organizations that produce Webcasts primarily from the desktop report that they also participate in Webcam-enhanced Web Conferences on a daily basis. In contrast, 14% of respondents at firms that produce multimedia primarily from the conference room report daily usage of Webcam-enhanced Web Conferencing.

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This represents the classic “build it and they will come” scenario for desktop video in the enterprise. Executives at companies with extensive implementation of video production capabilities at the desktop level are highly likely to integrate video into their Web Conferencing sessions. This is significant. Organizations considering the purchase of desktop video gear will see added usage of business video even though the technology is more distributed and sits further away from the direct supervision of the IT department. Pushing video creation capabilities to the desktop will not produce stranded investment in distributed technologies that go unused. When executives are handed ready access to video at the desktop level, their inclination appears to be to use video more frequently rather than letting the technology sit neglected.

III. Building the Video Value Chain

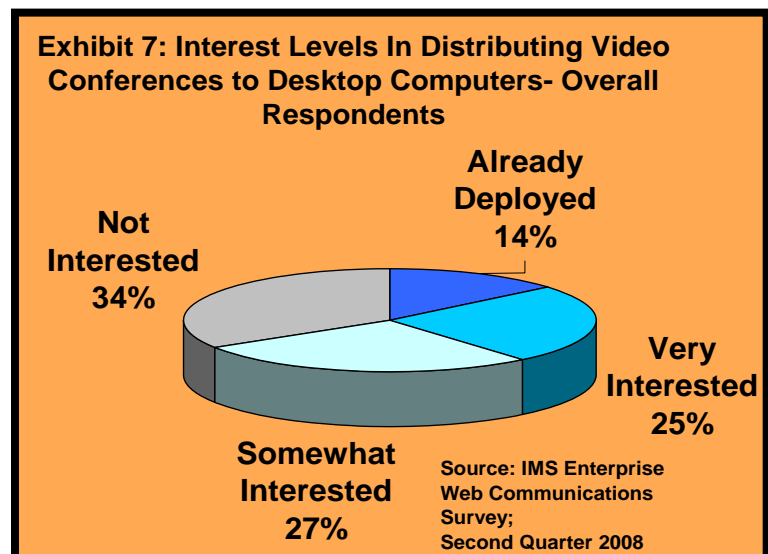
As illustrated above, business video does not exist in a vacuum. Rather, video becomes a data type that becomes intertwined with other forms of network communications in the enterprise.

One of the most apparent overlaps for desktop video comes with the world of traditional video conferencing. Significant similarities exist in terms of the technologies applied to the communications process. Both can meld video and other data types into an enriched form that leverages communications networks to expand the reach of a specific business event or meeting.

A portion of enterprise users already have taken the step to lash together the worlds of desktop video and video conferencing more tightly by making it possible to distribute video conferencing content via Internet-style networks to employee desktop computers.

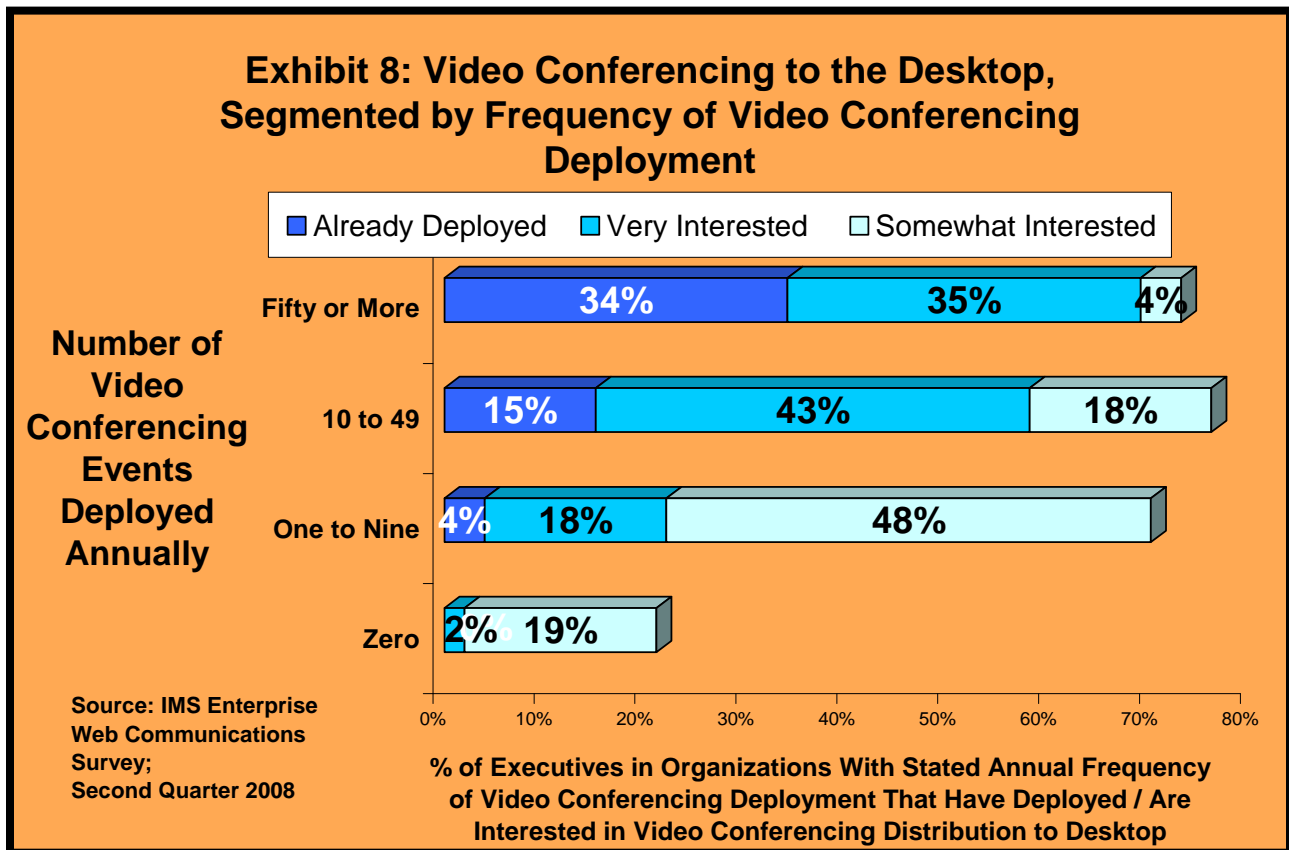
Today, only 14% of companies that use video conferencing have implemented systems that make it possible to distribute content developed on a traditional video conferencing platform to employee desktop computers on a live or on-demand basis. More than half of respondents at companies using video conferencing said they were “very interested” or “somewhat interested” in the ability to make video conferencing content available to the desktop. (Exhibit 7)

The most extensive interest in desktop distribution, however, comes from the organizations that deploy video conferencing most frequently. At organizations that use traditional video



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conferencing more than 50 events per year, 34% report existing deployment of desktop distribution capabilities. At organizations deploying between one and nine video conferences per year, only 4% have implemented desktop distribution capabilities for video conferencing content.



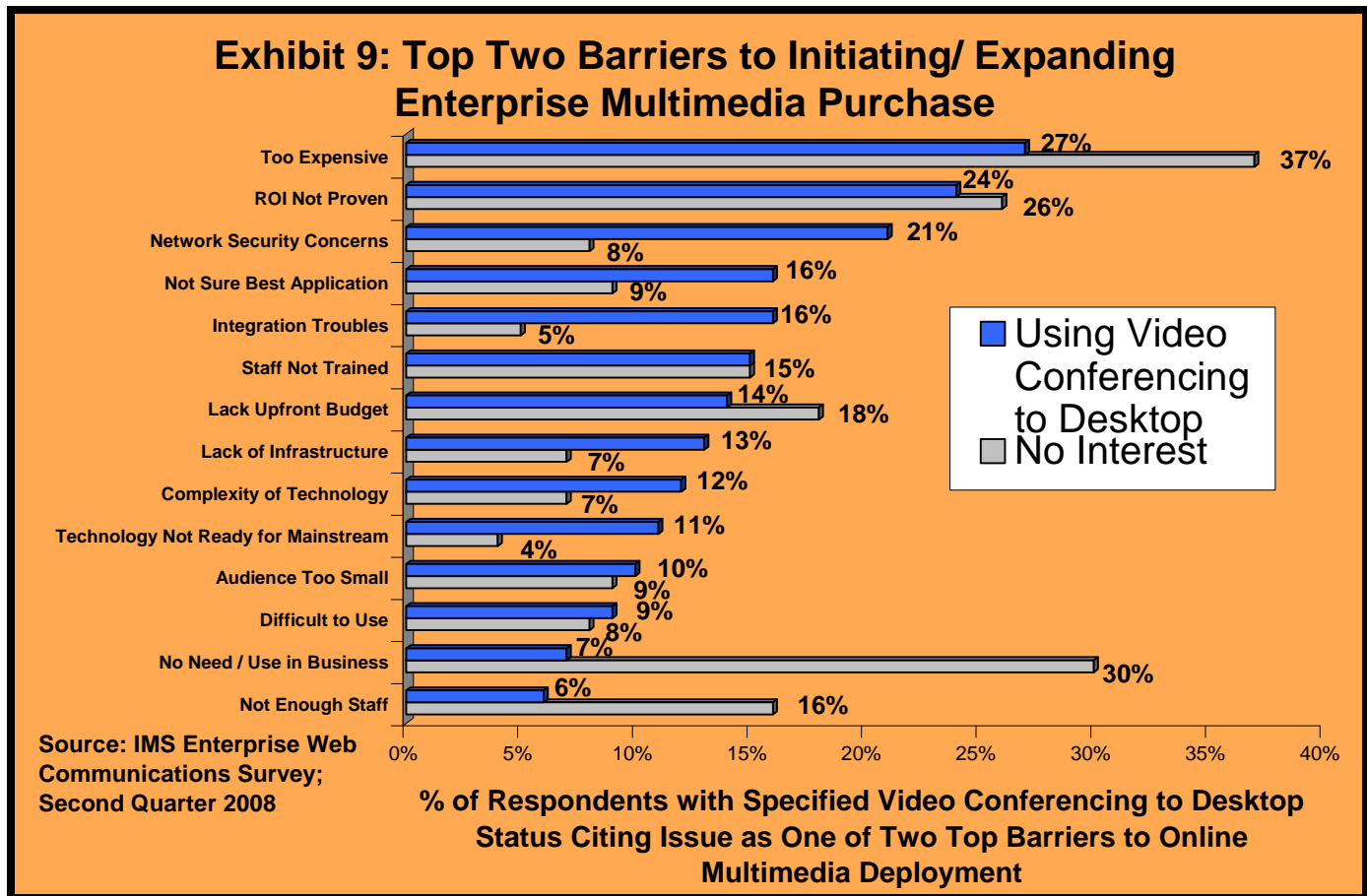
These results, along with others presented earlier in the report, underscore the importance of a company's ability to create a "video value chain" in which multimedia communications capabilities are widely accessible and frequently used. Companies that implement video most frequently and are most effective in leveraging the communications power of video are those organizations that foster adoption of the technology across a variety of venues, ranging from the conference room to the employee desktop.

And executive mindset plays a huge role in distinguishing companies that understand the importance of the video value chain from those who are not particularly aggressive in pursuing broader deployment of video capabilities within an organization.

Barriers to the initiation or expansion of online multimedia deployment are highlighted in Exhibit 9 with a specific emphasis on differentiating the obstacles to deployment perceived by executives at companies that have deployed video conferencing to the desktop compared with executives who have no stated interest in such a capability.

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While both groups cite concerns about the expense of deploying video technology and the ability to measure the return on investment it generates, the biggest difference between these groups comes in how they measure the business value that comes from the deployment of video.



Of those executives at companies that have not developed links between traditional video conferencing systems and the desktop, 30% cite the issue of “no need / use” for online multimedia in business as one of the two top barriers that keeps them from initiating or expanding the use of online multimedia in their organization. Simply put, they don’t recognize video as a strategic technology that can be leveraged to build competitive advantage.

In comparison, only 7% of those at companies that have built bridges between video conferencing and the desktop cite the issue of “no need/use” for online multimedia as a barrier to deployment. Evidently, these organizations have found a viable use for video technology in business communications and are doubling down on their investment, accordingly, with their expansion to the desktop.

The scenario creates a conundrum of sorts for corporate decision makers. Organizations that use video extensively recognize its benefits and invest more in expanding its reach within an organization. Companies that dabble with the technology never build the critical mass of usage that sparks demand for more

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sophisticated video solutions. Probably the single best way for executives to develop an appreciation for desktop video is to more fully utilize the video infrastructure they already have.

IV. Conclusions and Recommendations

Desktop video represents a new frontier for advanced, effective business communications. Adoption of distributed desktop multimedia solutions is on the rise with the potential ultimately to transform corporate best practices for leveraging online video to build business advantage. Executives should keep the following issues in mind while considering the implications of the coming era for desktop business video.

- **Recognize Twin Engines of Desktop Video Adoption:** Companies at opposite ends of the corporate spectrum are showing significant interest in deploying systems that enable them to originate video from the desktop level. As a result, the push for desktop video adoption will emanate both from large companies with huge budgets and organizations new to multimedia that offer chances for new, incremental adoption of video communications. The diversity in demand makes desktop video more than just a passing technology fad.
- **Understand the Changing Nature of Video Communications:** The ready accessibility of desktop video creation changes how individuals incorporate networked video into the communications process. Desktop video lends itself to shorter, ad hoc meetings akin to telephone calls with a handful of participants in contrast to the more formal, extended video events historically associated with traditional video conferencing.
- **Building a Video Value Chain:** In the corporate sector, no video technology is an island. Extensive adoption of video conferencing begets stronger interest in desktop video. The presence of desktop multimedia, in turn, correlates with more widespread use of Webcams in Web Conferences. Understand that video can play a critical role in enhancing business communications in a variety of platforms that extend from the conference room to the desktop.
- **Corporate Mindset Matters:** Some organizations understand the evolving role of video in business communications. Others see no need or use for video in their daily communications activities. Executives need to embrace the potential value of video communications – and convince others of the value of video-before committing their organization to the implementation of desktop video.
- **Much Yet to Learn:** The corporate sector remains in the nascent stage of desktop video adoption. It is reasonable to associate the deployment of desktop solutions with the advantages they come from providing a broader footprint for business video and more widespread access to video creation capabilities. But the full implications of desktop video adoption remain unknown. The

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democratization of business video will certainly spur unexpected creative business uses that will further maximize the value generated from the deeper deployment of video communications capabilities in the corporate sector. If desktop video is not right for your organization today continue to re-evaluate the prospects for its deployment in the context of changing market applications that emerge over time.

About the Author

Steve Vonder Haar is Research Director of Interactive Media Strategies and is responsible for the firm's coverage of the enterprise Web Communications sector. Topics of focus include online multimedia, Web Conferencing and rich-media conferencing. Vonder Haar can be reached at (817) 860-5121 or via e-mail at SVonder@InteractiveMediaStrategies.com



About Interactive Media Strategies

Understanding How Multimedia Transforms Communications

The first three waves of mass media served to transform the way people live. From Gutenberg forward, the printed word has allowed people to share ideas stretched across time and distance. Audio gave consumers their first taste of sharing broadcast media simultaneously with the later advent of the video offerings of broadcast television to create the ultimate electronic community.

Mastering the Change Fostered by Technology

Interactive Multimedia opens the door to new forms of tailored communications experiences for consumers. Digitization, connected networks and a sprawling array of emerging devices to handle digital content create the opportunity to weave audio and video into the interactive communications experience. In the process, corporations can capitalize on new tools that enable them to deliver powerful messages enriched by audio and video and tailored to targeted groups. Likewise, media firms can capitalize on the new flexibility of digitization to serve up content, products and services using business models heretofore impossible for media distributors.

Interactive Media Strategies provides research and consulting services to help companies involved in the communications, collaboration and media distribution chains to recognize the potential of interactive multimedia, not only in the packaging of audio and video content but also in the development of new services improved and enriched through the integration of audio and video content that can be accessed on demand.

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