The Great Video Conferencing Debate: Cost Vs. Quality

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Introduction

In recent years, video conferencing has become a much more widely used tool for small and medium businesses (SMBs) seeking to cut down on travel time, communicate with strategic partners worldwide, and improve teamwork. Free and low-cost video conferencing services like Skype, Oovoo, Google Talk and Yahoo! Messenger have been widely adopted by consumers and many businesses, but there are limitations to the quality and reliability of these ‘consumer grade’ services.

Until fairly recently, higher quality ‘business grade’ video conferencing was widely considered to be cost-prohibitive for many smaller enterprises, but the reality is that higher quality video conferencing is no longer just for the Fortune 500. With new solutions coming on to the SMB market, it is increasingly possible for SMBs to access a higher standard of video conferencing without the quality issues presented by the widely used consumer versions like Oovoo and Skype.

The debate for SMB decision makers is whether these higher quality business grade solutions are worth the higher cost, or do the cost savings from consumer grade versions justify their lower quality user experience?

This brief will discuss:

- The hidden costs of ‘low cost’ video conferencing solutions
- Security benefits of business grade video conferencing
- Benefits and drawbacks of proprietary Vs. industry standard video conferencing systems
- Defining ‘quality’ in business grade video conferencing
- Are SMBs adopting business grade video conferencing?
- Is business grade video conferencing more affordable than many people might expect?
- Is there a migration path from low cost solutions to business grade solutions that won’t break the bank?
Online video conferencing solutions like Skype, Oovoo, Google Talk and Yahoo! Messenger rose to prominence because they were mostly free (often with some minor fees for added features or certain international calls) and easy to use (often via proprietary downloadable software). These low cost services have been popular with the consumer market, and are widely used by start-ups and SMBs – Skype has over 663 million registered users (1), with approximately 37% of these estimated to be small business users (2).

Although many small businesses are using services like Skype for video conferencing, these consumer grade services have significant limitations in a business setting. ‘Hidden costs’ to the business using a ‘free’ or low-cost video conferencing solution include:

- **Poor user experience**: Consumer grade video conferencing services tend to operate via the open Internet, making the calls vulnerable to network fluctuations and delays. Public bandwidth is becoming increasingly taxed, leading to slower performance. This can create a finicky, frustrating user experience as the conversation can stall or be interrupted multiple times.

- **Dropped calls**: Professional business meetings conducted via video conference depend on consistent, reliable connectivity. Low-cost video conferencing services tend to frequently drop the calls – causing frustration and disrupting the flow of the discussion.

- **Inconsistent video quality**: As part of the network fluctuations, low-cost video conferencing services tend to have slight lags in the streaming video that accompanies the audio. People’s lips do not always sync up with the words they are speaking, creating a disorienting experience that undermines confidence. Poor video quality is likely to be a major reason why video conferencing is used less often than audio conferencing – according to recent research from Wainhouse, in 2010 there were 80 billion audio conferencing minutes used, compared to only 200 million video conferencing minutes (3).

- **Diminished credibility**: Any business using a consumer grade video conferencing service is likely to incur hidden costs such as lost opportunities, lost time, and lost credibility with clients and suppliers due to the poor quality of the video conferencing experience. Low-cost video conferencing services might have the unintended consequence of making the business look ‘smaller’ than it actually is.

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Security benefits of business grade video conferencing

Just by its sheer size, Skype has become a target for hackers, spammers and phishing scammers. In addition, services like Skype tend to use proprietary security technology that does not interoperate with standards-based security solutions. Understandably, many business IT leaders are reluctant to allow Skype to be used within the company, as it gives uncontrolled access to individuals outside the organisation and creates uncertainty within the organisation’s IT management.

The advantage of investing in business grade video conferencing is that the systems are developed using industry standard security protocols and standards-based firewall traversal solutions. Rather than relying on the proprietary system of one service provider, business grade video conferencing gives the organisation the reassurance of having industry standard security solutions that are approved by the professional IT community.

Benefits and drawbacks of proprietary Vs. industry standard video conferencing systems

Most desktop video conferencing services rely on a simple model: individual users have to download the software and sign up for the service, and the services grow via the ‘network effect’ – the more people subscribe, the more useful the service becomes to its subscribers. If a person’s friends are signed up for Skype, then that person is more likely to sign up for Skype. Anyone signed up for Gmail can also access Google Talk.

The drawback is that these services’ users can only talk to each other, because they are limited to their service’s proprietary software. If businesses use a free/low-cost proprietary product (like Google Talk), they are limiting the scope of businesses to engage with on a video conference.

The advantage of business grade video conferencing solutions is that they are based on industry standards and are interoperable – they can “talk” to one another, even if the vendors are not the same.

When using a consumer-grade video conferencing service like Skype or Oovoo, businesses are limited to talking only to other businesses on Skype or Oovoo. Skype is a proprietary/closed system, while the business grade solutions from vendors like Cisco, LifeSize and Polycom have compatible systems. With business grade video conferencing, the organisation is able to connect with any other business in the world that is using a system based on the same industry standards.

Consumer-grade video conferencing solutions like Skype and Oovoo offer low-cost solutions, but price is not the only consideration. “For an SMB, the advantages of reliable, business grade video conferencing includes faster decision making and improved productivity between dispersed and mobile teams, more efficient collaboration with vendors and manufacturing partners, and closer relationships with customers through more frequent face-to-face interaction,” said Susan Hayden, executive vice president, Polycom.

Defining ‘quality’ in business grade video conferencing

As SMB leaders evaluate whether to invest in business grade video conferencing, what are some of the quality standards that they should look for? What is the definition of quality in a ‘higher quality’ video conferencing solution? In general, a business grade video conferencing solution should offer:

- High resolution HD video – no grainy or choppy video images
- HD audio – better quality audio makes a significant difference on a conference call
- Consistent network connections – no dropped calls
- Smooth delivery of audio and video – no lag time
- Multiple participants – in contrast to the free/low-cost services, which were designed more for individual callers, and tend to limit the number of participants (often to as little as five people per conference), business grade solutions, can accommodate a much larger number of participants
- Multi-point calls – enabling people from multiple offices and locations to participate easily on the same video conference experience
- High quality content sharing – making it easier to quickly share presentations, graphs, spreadsheets and multimedia files, incorporated into the video conference to facilitate faster decision making. For example, Captech, a 300-person IT consulting firm based in Richmond, Virginia, USA, uses video conferencing for its weekly internal meetings, making it easier for remote employees to see presentations rather than being “left in the dark.”(5)
- Additional value-added features – instant messaging, options to add telephony services, and more sophisticated ‘telepresence’ packages (available at additional cost).

Is business grade video conferencing more affordable than many people might expect?

Many of today’s SMB leaders came of age in an era when ‘video conferencing’ meant expensive IT infrastructure and multiple thousands of pounds (or more) in investment. The truth is, with recent innovations in the market, business grade video conferencing is more affordable than ever.

Solutions are available from Cisco and Polycom offering a high quality video conferencing experience on the desktop, as a one-off charge with no ongoing costs. Cisco, for example, offers a desktop video conferencing solution starting at $300(6), and Polycom’s M100 desktop solution is priced at $89.

For most of the past 8 years, ever since the debut of Skype, the desktop has been home to free/low-cost video conferencing software. Business grade systems are now making their way to the desktop, seeking to lure SMB users away from the consumer grade versions. And many of these new business grade systems are surprisingly affordable.


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Is there a migration path from low cost solutions to business grade solutions that won’t break the bank?

Another limitation of the consumer-grade video conferencing solutions is that they are difficult to scale up as a business grows. There are some business-specific solutions in the low-cost sector of the market, but mostly these low-cost solutions are meant to serve individual users rather than larger organisations.

Investing in business grade video conferencing – even with one desktop at a time – enables the SMB to scale up the video conferencing solutions as the business grows. A consumer grade system like Skype might have been sufficient for a young company’s cash-strapped start-up days, but as a company grows, the organisation might need a more robust solution – especially when there are remote employees located in widely dispersed geographic areas.

To illustrate the challenges of growth and the needs for a scalable video conferencing solution, in a recent article in Information Week, IT consultancy Captech’s IT operations manager was quoted as saying, ‘As you find yourself distributed into more markets, it’s harder to bring people together…the big challenge for me is: How do I find a way to make people feel like they work for Captech?’

Fortunately, it is now possible to ‘start small’ with one of the less expensive business grade solutions for the desktop, and then add more elaborate systems (conference room systems, telepresence suites, etc.) to suit the company’s growing needs over time. Business grade video conferencing gives the company a solution that can grow right along with the organisation.

For example: Many small businesses in the start-up phase begin by using free/low-cost consumer grade video conferencing solutions, operating under the assumption that this is the full extent of their needs and that they might as well save on costs, since ‘free is good.’

Then, as the company grows and they need more sophisticated, reliable service that can accommodate more employees from wider areas, the business leaders gradually realise that ‘free is not free.’

They decide that they’re growing tired of dropped calls and missed connections with clients and suppliers, and they are willing to pay for a more consistent, professional presence in their video conferencing.

Business grade video conferencing offers a range of scalable solutions for businesses that are ready to make the transition away from the consumer grade options. Companies can invest in an enterprise solution with the most sophisticated array of features – the ‘boardroom package’ with the highest quality immersive experience – or they can start small with desktop solutions on a one-by-one basis, and grow their investment all the way up to a full telepresence. Even with a video conferencing investment highest end of the scale, with a fully immersive telepresence, companies can still host video conferences with their mobile/remote workers on desktops and mobile devices (such as the iPad).

There is a wider spectrum of solutions on the market today. The choice is no longer limited to ‘free/low-cost consumer grade video conferencing’ vs. ‘high investment, high-performance telepresence solutions.’ Companies of all sizes can enjoy the benefits of business grade video conferencing, at a level of investment that suits their immediate needs and growth plans.

(7) Casey
Conclusion

Many small businesses can continue to operate using consumer grade video conferencing, as long as they are willing to tolerate the interruptions, dropped calls and inconsistent quality of the user experience. But for companies that are willing to pay a bit more, there is a new universe of business grade video conferencing solutions that are becoming increasingly viable and cost-competitive.

Every company needs to make the decision that suits their budget and priorities. But a fair consideration of the price points and benefits would indicate that business grade video conferencing is now at a level that is more accessible and easily adoptable by SMBs who want a higher standard of video conferencing performance.
Polycom is the global leader in standards-based unified communications (UC) solutions for telepresence, video, and voice powered by the Polycom RealPresence Platform. The RealPresence Platform interoperates with the broadest range of business, mobile, and social applications and devices. More than 400,000 organizations trust Polycom solutions to collaborate and meet face-to-face from any location for more productive and effective engagement with colleagues, partners, customers, and prospects. Polycom, together with its broad partner ecosystem, provides customers with the best TCO, scalability, and security – on-premises, hosted, or cloud delivered. Visit www.polycom.com or connect with Polycom on Twitter, Facebook, and LinkedIn.

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