FROST & SULLIVAN

Meetings Around the World II: Charting the Course of Advanced Collaboration

A Frost & Sullivan Whitepaper Sponsored by Verizon and Cisco

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EXECUTIVE SUMMARY

In today's increasingly virtual workplace, more and more people are working in geographically dispersed locations, widely separated from their co-workers, partners and customers. Some are working in traditional office settings, while others are in far-flung remote offices, home offices, or cars, airports and hotels. Employees need to be able to reach one another and work together without having to travel, and do this without losing any of the productivity that comes with in-person meetings. To achieve this level of efficiency and still be effective, organizations are turning to a variety of powerful, IP-enabled advanced collaboration technologies such as Voice-over-IP (VoIP), audio, video and web conferencing, instant messaging, unified messaging, immersive video and presence capabilities - commonly placed under the umbrella of Unified Communications and Collaboration tools (UC&C) - which enhance a person's collaborative experience, boost their productivity, and improve the business process flow.

Unified Communications (UC) enables the integration of voice, data and video communications to work together so individuals and groups can more effectively communicate with each other. UC applications are meant to simplify communications for the end user by making it easy to "click to communicate". More advanced UC services add Collaboration tools and devices into the system (UC&C), so individuals can more readily find, reach, and communicate with other people to work on a common project, initiative, or goal. UC&C solutions can integrate both non-real-time communications tools, such as e-mail, fax, and voice-mail, with real-time communications tools, such as instant messaging (IM) and Web conferencing. They can also incorporate many other communication tools, such as voice over IP (VoIP) telephony solutions, text messaging, screen sharing, and video conferencing - to name a few. Many solutions also use presence awareness technology that locates where people are to see if and how they are available to communicate.

Today more than ever before, organizations are putting a sharp focus on their abilities to maintain performance, while getting the highest yield possible out of their people and collaboration technology investments. Organizational performance is often measured according to sales and profit growth, and customer satisfaction. Employees are engaged in generating this performance through several business-critical activities that are key to an organization's survival, such as innovation and new product development, customer acquisition, and maintaining corporate reputation. Frost & Sullivan, together with Verizon and Cisco, examined the role that collaboration solutions play in enabling high levels of organizational performance, through enhancing business-critical activities. Our main finding was striking: As organizations deploy and use IP-enabled, advanced collaboration tools in their operations, they are able to perform better on business critical activities, and realize a higher return on their collaboration.

This study is the first global study to determine a model for measuring return on collaboration (ROC). It provides clear evidence demonstrating a continuum of collaboration-driven performance, such that the deployment and usage of progressively more advanced IP-enabled collaboration technology yields increasing levels of organizational performance. In May, 2009, we administered an online survey to a total of 3,662 managerial-level and above individuals in organizations in three geographic regions.

Asia-Pacific was represented by Australia, China, Hong Kong, India, and Japan. Europe was represented by France, Germany, Sweden, and the United Kingdom, and North America was represented by the United States. Equal proportions of respondents were classed as either IT decision makers, or line-of-business decision makers within their organization. These organizations were either Small and Medium businesses (SMBs, 50 to 999 employees) or Enterprise (1,000 or more employees) in the Financial Services, Government, Healthcare, High Technology, Professional Services, Manufacturing, or Retail industries.

Our work is built on the foundations of the ground-breaking 2006 Meetings Around the World study (Meetings Around the World I), which established a method to specifically measure how collaboration affects business performance. That study found that organizations that collaborate better perform better. This paper explores collaboration-driven business performance in the evolving global workplace and the role of IP-based advanced collaboration solutions in this evolution. It begins with an examination of the notion of a continuum of collaboration, in which a progression of increasing penetration of advanced collaboration solutions drives organizational performance. We will also introduce a new measure that quantifies the return attributable to investing in advanced collaboration solutions. This measure, the Return on Collaboration (ROC), shows the amount of change in specific functional areas that organizations experienced when they deployed advanced collaboration tools.

This paper will then turn to understanding how collaboration tools impact organizational performance and the mechanism for generating a positive ROC. In this section, we will look at what tools are being deployed around the world, and how certain organizational activities, such as product development, customer acquisition, and sales growth, are benefited by collaboration. In addition, we will see how line-of-business managers view collaboration tools and their capabilities and how they impact their work in these activities. The next section will extend our overall findings to look at differences among vertical industries and company sizes, as they relate to returns generated from collaboration. Finally, this paper will revisit the Collaboration Index that was at the center of the Meetings Around the World I study. With three years of change since 2006, we will see how organizations are using collaboration tools in open, decentralized decision-making environments to perform better.

Better Business Performance is Related to the Penetration of Advanced Collaboration Tools

A growing number of organizations have adopted converged IP networks as the foundation for their business operations. Three years ago, the technologies to support collaboration included email, meeting schedulers, data sharing applications (e.g., white boarding, desktop sharing), instant messaging, and conferencing applications (including audio, video and web conferencing). Today, collaboration technology includes more IP-based applications using presence information, team spaces, document sharing, unified communications, and immersive video conferencing.

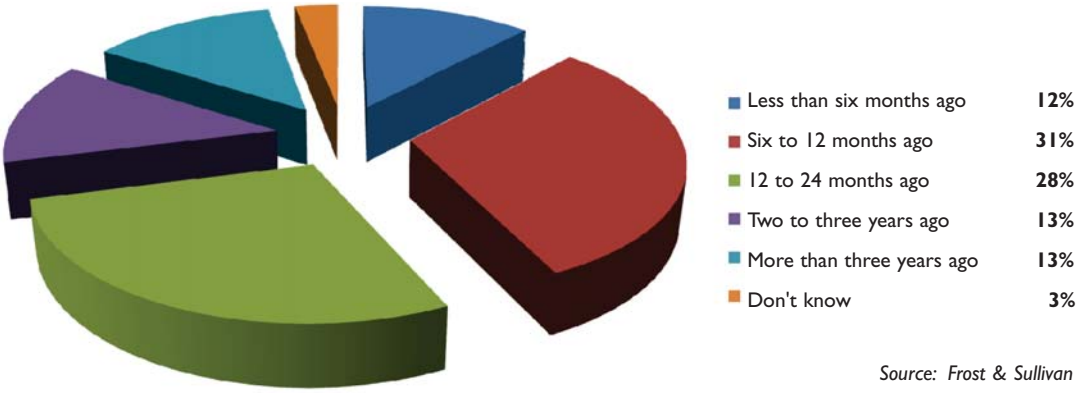
VoIP is leading the way for IT managers eager to deliver a suite of advanced

communications and collaboration applications to their end users. Although many IT managers were initially skeptical of the value and quality of VoIP technology compared with traditional telephony systems, most managers today would be hard-pressed to justify not deploying VoIP. Now, as IT managers recognize the value of running voice over IP, they are leveraging their investment in the underlying IP network for more advanced forms of communication and collaboration tools and increasing their return on collaboration investments.

UC&C solutions, which combine integrated, advanced collaboration tools, are becoming more and more widespread. Our survey found that almost half of all organizations we polled have deployed UC&C tools. Regionally, we found that 51 percent of Asian organizations have deployed UC&C tools, compared to 46 percent of US and 38 percent of European organizations.

Interestingly, this deployment is a relatively recent phenomenon. Figure 1 below shows that for those organizations that have deployed UC&C, 43 percent adopted them within the past 12 months, and more than one-quarter (28 percent) deployed them between 12 and 24 months ago. Only about one-quarter (26 percent) of the deployments were made longer than two years ago. This pattern is consistent across regions, with a significant percentage of Asian (45 percent), U.S. (43 percent), and European (41 percent) organizations implementing UC&C within the past twelve months.

Figure 1: UC&C Tool Deployments



Source: Frost & Sullivan

In the current recessionary time there is confidence in the benefits of UC&C technology. Of the organizations we surveyed that have deployed UC&C, 40 percent of them say that they will increase spending on UC&C despite the current economic conditions, compared to 31 percent who say spending will decrease and 29 percent who say it will stay the same.

We believe that confidence in UC&C has a momentum that is spreading. More than 80 percent of those organizations that have not yet deployed UC&C tools plan to deploy some form of them in the next two to three years. IT managers in these organizations cite collaboration-enabled applications, in which a worker can launch collaboration tools within an existing software application (21 percent), presence-enabled applications (18 percent), and immersive video (18 percent), as the top UC&C tools they plan to set up in their organizations in the near future. This means that by early in the next decade, UC&C should have a very strong foothold in organizations around the world.

With such a wide foundation of collaboration tools installed in businesses and the government sector around the world, we set out to learn if and how this phenomenon would make a significant impact on business performance, and determine if organizations would see a return on the deployment of IP-enabled collaboration technology. In Meetings Around the World I, we presented conclusive evidence that good collaboration results in good business performance across several "gold standard" performance areas, including overall customer satisfaction, sales and profit growth, labor productivity, and product and service innovation. In Meetings Around the World II, we obtained further support for the collaboration-performance link. This time we asked our global sample how they would rate their own organization's performance over the last year, relative to other organizations in their industry, on the "gold standard" areas.

For those companies that deployed collaboration tools, 72 percent stated that they experienced better performance, compared to only 46 percent of companies that did not deploy them. The differences in gold standard performance between those that deployed and those that did not were most apparent in Innovation (68 percent versus 39 percent), Sales Growth (76 percent versus 50 percent), and Profit Growth (71 percent versus 45 percent). Clearly there is a strong business advantage to deploying collaboration tools, but these results suggest that there is no good-bad dichotomy to collaboration, because companies that did not deploy still experienced some improvement. Rather, there is a gradation of increasing performance enabled by collaboration: no collaboration results in lower performance, and collaboration results in higher performance. Importantly, this implies that there is a performance continuum in which progressively more advanced collaboration should relate to progressively better business performance.

To examine this, we first divided the groups by their overall business performance scores, and then overlaid the collaboration technologies the organizations in our sample are using. Figure 2 describes the three organizational profiles that were created. In the figure, a shaded box for any given technology indicates that at least one-third of the organizations surveyed report deploying that technology. For instance, at least one-third of all companies report deploying audio, web, and videoconferencing capability. However, this one-third deployment criterion for immersive video is met only for those organizations fitting into the Advanced Collaborators profile.

Figure 2: Organizational and Collaboration Tools

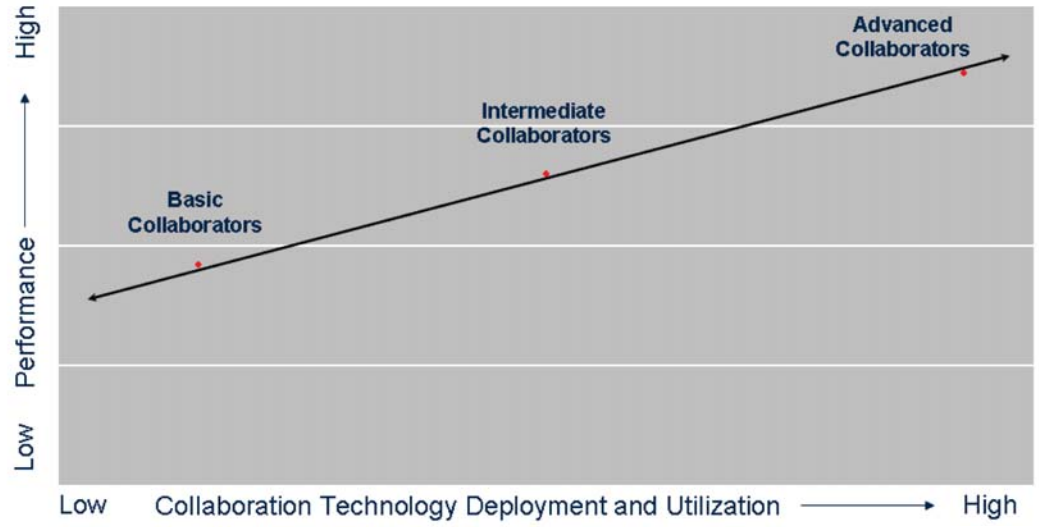
Communication and Collaboration Tools	Basic Collaborators	Intermediate Collaborators	Advanced Collaborators
Audio/Web/Video Conferencing			
Unified Messaging, IM			
Telephony features on a mobile			
Telephony features on desktop			
Read voicemails as text/SMS			
Presence capabilities			
Launch collaboration from applications			
Fixed-mobile converged collaboration			
Access multiple mailboxes from a mobile			
Application-integrated softphone			
Immersive video			

Source: Frost & Sullivan

Basic Collaborators, as shown in the figure above, have a basic UC&C deployment profile, with traditional and some IP-enabled communications and collaboration tools. **Intermediate Collaborators** deploy IP-enabled communications and collaboration tools, as well as fixed-mobile converged capabilities to enable easy movement between a traditional physical office and a mobile office. **Advanced Collaborators** have the greatest deployment of UC&C technology, including advanced IP-enabled communication and collaboration tools and rich, cutting-edge UC&C tools, such as integrated soft phones and immersive video.

Figure 3 illustrates that there is a continuum of collaboration-driven performance, such that better performance is related to the degree and sophistication of an organization's deployment of collaboration tools. Lower levels of collaboration technology deployment and utilization are linked with lower levels of performance; whereas high degrees of deployment are linked with higher levels of performance. Again, we see that there is no good-bad dichotomy for collaboration-driven performance, as even a low level of penetration results in some moderate performance. Put another way, this is additional evidence that there is a gradation of increasing business performance enabled by collaboration.

Figure 3: UC&C Deployment and Gold Standard Performance



Source: Frost & Sullivan

These results show that organizations deploying a bundle of tools with even minimal collaboration capabilities are able to achieve a respectable level of performance. Basic Collaborators, which have a relatively low degree of deployment, report an average performance index of 52 (out of a possible score of 100). Enhancing an organization's set of collaboration capabilities even more, as the Intermediate and Advanced Collaborators do, enables even higher levels of business performance (average performance scores of 74 and 93, respectively).

Clearly, the deployment and use of collaboration tools impacts organizational performance. As organizations deploy an increasingly sophisticated set of collaboration capabilities, they are able to perform correspondingly better on several top-level business metrics. However,

an equally important consideration is whether or not the benefits of collaboration extend to a richer set of performance metrics. In other words, is there another dimension of value that collaboration can return to organizations that deploy and use UC&C tools?

IP-ENABLED COLLABORATION IS ALSO RELATED TO A HIGHER RETURN ON COLLABORATION

One of the central objectives of the current study is to understand whether organizations that collaborate better also have an actual, quantifiable return on collaboration. That is, does deploying and using collaboration tools enable organizations to experience an improvement in their business-critical activities?

To measure the return on a collaboration deployment, as it relates to improvements in business-critical activities, we created an index we call the Return on Collaboration (ROC) that measures the impact of deploying collaboration solutions on these areas. Consistent with the "gold standards" measured earlier, we examined the return generated from deploying collaboration technology in six functional areas within organizations. These are Research & Development (innovation and new product development), HR (employee retention and churn), Sales (sales performance), Marketing (customer acquisition), Investor Relations (shareholder value), and Public Relations (corporate reputation).

Return on Collaboration gauges the impact that collaboration has on activities within the functional areas that are critical to an organization's performance. Unlike a traditional Return on Investment (ROI) index, which tracks the amount of money directly gained or lost on an investment relative to the amount of money invested, ROC captures the broader concept of "improvement" that is due to collaboration being used in the functional areas, relative to the overall amount of money invested in that functional area. The ROC is quantified in terms of how much of an improvement is made, relative to the amount of money typically invested in a given functional area, and in deploying collaboration solutions in the organization itself.

The relevance of the ROC is that it enables a return to be calculated on areas that do not readily lend themselves to quantification using a traditional ROI. For instance, it would be untenable to calculate a ROI on a collaboration investment in the business-critical activity of maintaining corporate reputation (in the functional area of Public Relations) because it would be difficult if not impossible to establish the amount of money generated or lost from an investment in technology for public relations. However, with a ROC index, the benefits returned from using collaboration in maintaining corporate reputations can be calculated relative to a perceived improvement in maintaining corporate reputation, such as the speed of releasing information and the quality of communications.

In this study, ROC is based on the performance impact of collaboration in a specific time period, calculated on the amount of money an organization spends on each of the six functional areas noted above, against the total amount spent on deploying UC&C solutions during that time period. These components of ROC are expressed mathematically as:

ROC = ((functional area spend) * functional area change) /

overall UC&C spend

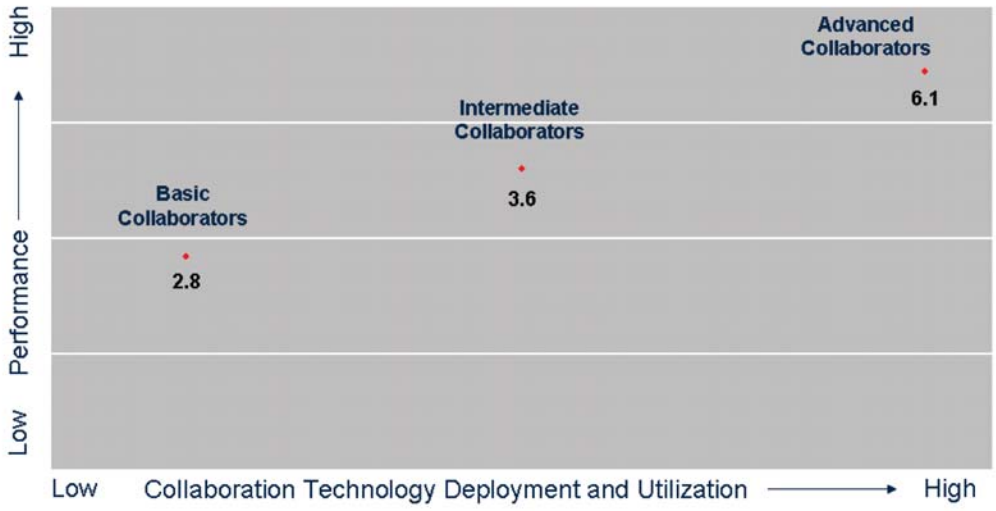
Where:

- Functional area spend = the total annual organizational revenues * the revenue percentage spent on each functional area;
- Functional area change = the percent of improvement on each functional area that the organization believes is attributable to deploying collaboration solutions;
- Overall UC&C spend = the total amount of money an organization spent to deploy their collaboration solution set during a specified time period.

This formula yields a Return on Collaboration index, such that the result is a quantified improvement that collaboration has returned to the organization in a given functional area.

When the three UC&C profile groups are examined against their composite ROC indices, the same clear pattern of a continuum of performance emerges, as was uncovered in the "gold standard" results (e.g., overall customer satisfaction, product and service innovation). Organizations that deploy increasingly more sophisticated collaboration tools realize a correspondingly increased ROC. This is shown below in Figure 4.

Figure 4: UC&C Deployment and Return on Collaboration



Source: Frost & Sullivan

Basic Collaborators, who have deployed communications tools with a minimal range of IP and collaboration capabilities, enjoy almost a 2.8 times return on that deployment. This suggests that even minimal collaboration capabilities can be used to generate some modest return. The impact is much stronger however as the UC&C tool deployment becomes more advanced. Intermediate Collaborators, with their fixed-mobile convergence, and IP enabled

communications and collaboration tools, see a 25 percent greater impact than the Basic Collaborators, at over 3.5 times their return. At the upper range of tool sophistication, Advanced Collaborators see more than 2 times the impact as Basic Collaborators, at just over 6 times the return on their UC&C deployment.

The "gold standard" and ROC results taken together provide strong evidence that collaboration tools can have a substantial, positive impact on organizational performance. Not only do these tools enable higher organizational performance, but they also engender a return on the investment made to deploy them that becomes progressively higher as the range of collaboration capabilities made possible by them increases. It seems that the better the tools, the better the collaboration and performance that can result from them.

This is a powerful finding that can be used in organizational technology strategies with demonstrable returns. However, understanding the nature of the effects of UC&C tool deployment, and how those tools are used, are important ingredients necessary to creating strategies that are applicable to unique organizational needs. Next, we will take a more detailed look at the nature and extent of collaboration technology on business performance.

THE IMPACT OF ADVANCED COLLABORATION ON BUSINESS PERFORMANCE

As we have seen, UC&C tools are becoming more widely deployed, and organizations that have them perform better and get a better return on them, the more advanced the deployment and utilization of them are. This confirms the main finding from the Meetings Around the World I study, showing that good collaboration equals good performance, and extends it to show that UC&C technology deployment sits on a continuum of progressive performance and return.

A critical question is how, and where, collaboration improves organizational and business performance. The answer to this question lies in the differential impact that advanced collaboration tools have on the various functional areas within an organization.

The Network Effect of Collaboration

The nature of interactions within functional areas turns out to be a critical component in understanding how collaboration tools create value for organizations. Collaboration by definition involves people or groups of people, working together toward a shared goal. In business, this can mean various business units working to develop a new product, make a sale, or convey an important message to its stakeholders. In the Meetings Around the World II research, we looked at a range of functional areas, based on the numbers of people involved in them. On the low end of interaction, Human Resources is essentially a one-to-one, or at most a few-to-few, set of interactions between people. Public Relations and Investor Relations involve more people, but tend to be few (a PR or IR staff) communicating to many people. On the upper end of this range, there are functions that involve many

people on all sides of a business process working in complex and dynamic environments. R&D often involves staff scientists and engineers, product managers and directors, market strategists, and sales engineers to develop new products that are responsive to customer needs. Sales often involve teams of product, support, and other employees working with multiple people in customer organizations over an extended period of the sales cycle. Marketing activities can similarly encompass many groups within an organization, working with many types of groups external to the organization to enable it to acquire new customers.

Across all functional areas, the organizations we surveyed experienced a ROC of 4.2. Within each of the specific measured areas, we found that the greatest impact of collaboration is in those business critical processes where large numbers of people interact to produce value. Using the ROC index, the highest Return on Collaboration was exhibited in Sales (5.2), R&D (5.1), and Marketing (4.4) (see Table 1). There is a slightly smaller impact of UC&C on the few-to-many interaction areas, with the ROC for Public Relations and Investor Relations at 4.0. The impact is smallest involving few-to-few interactions, with the ROC on HR at 2.4.

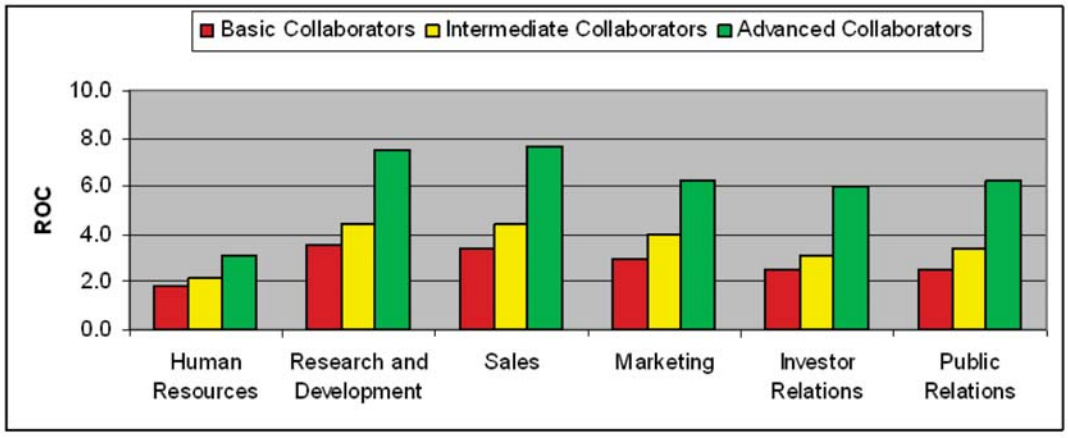
Table 1: Impact of UC&C Tools and Business Critical Processes

	Total
Human Resources	2.4
R&D	5.1
Sales	5.2
Marketing	4.4
Investor Relations	4.0
Public Relations	4.0
OVERALL AVERAGE	4.2

Source: Frost & Sullivan

The progressive impact of UC&C is also seen in the profiles of collaboration technology solutions that those organizations have deployed. Figure 5 shows those organizations that deploy communications tools with minimal collaboration capabilities (the Basic Collaborators) experience a modest return on collaboration across all functional areas. As organizations deploy more advanced collaboration tools (the Intermediate and Advanced Collaborators), the returns correspondingly increase. In particular, this effect is magnified in those areas that involve many-to-many interactions, such as R&D and Sales. Importantly, the rich toolsets used in the Advanced Collaborator organizations can increase the return in the few-to-many areas of Public and Investor Relations.

Figure 5: UC&C Deployment and Business Critical Processes



Source: Frost & Sullivan

Line-of-business managers in our survey gave compelling reasons on how they see UC&C enhancing their performance across their business activities. For instance, in the area of new product development and innovation, R&D line-of-business managers in organizations that deployed UC&C say that advanced collaboration tools enable products to be developed faster (44 percent agree or strongly agree), with an improved chance of market success (42 percent), with a higher quality (44 percent), and with a lower overall cost of development (41 percent).

In customer acquisition activities, these tools help marketing managers improve the quality of their communications to their existing customers (44 percent agree or strongly agree), and improve the success of their new customer acquisition initiatives (41 percent). Moreover, UC&C tools help to improve competitive response times (42 percent). In Sales activities, managers cite that UC&C tools help improve the quality of sales communications with customers (49 percent) and the success of sales efforts (45 percent), and help reduce the cost of sales (41 percent) and sales cycle times (42 percent).

Collaboration technology also enhances business activities in functions that see a more modest return on collaboration. HR managers believe that the technology improves the overall success of their recruitment efforts (39 percent agree or strongly agree), the quality of communications supporting recruiting and hiring (43 percent), and the speed of recruitment and hiring (39 percent), at a reduced cost (39 percent).

In the shareholder- and public-facing functions, collaboration technology helps Investor Relations managers improve the success of increased profit initiatives (42 percent). Similarly, Public Relations managers see collaboration technology improving both the quality (49 percent) and speed of releasing (48 percent) communications information and 44 percent of them believe that the technology improves the success of their PR initiatives.

All of this is another line of evidence demonstrating that communications networks featuring UC&C have a progressive effect on performance and return, such that the more individuals and groups involved in business processes, using tools rich in collaboration

capabilities, the greater the value created by using collaboration tools to enhance these processes.

The foundation of these results may be a manifestation of network effects, which dictate that the value of a network is proportionate to the number of connected users on that network. This notion is the central tenant of Metcalfe's Law, after Robert Metcalfe, the founder of Ethernet, and has its roots back in the corporate strategy created by Theodore Newton Vail, the first post-patent president of Bell Telephone, in 1908. Essentially, as a network grows and reaches a critical mass point, the value to the users of that network exceeds the costs incurred to create the network, indicating a positive return. Back in 1908, network effects were applied to telephones in the early telecommunications networks. Today, we see the same network effects in collaboration, in which networks of people and organizations, using IP networks, are tied together with collaboration applications and services to produce value.

Our research shows that positive network effects can underlie the business performance improvements that collaboration gives to organizations. Using the ROC, we find that the greater the inherent size of a network of users involved in collaborative activity, the greater the value, or ROC. In other words, the larger the organization, the greater the positive impact of collaboration.

Another aspect of the Meetings Around the World II study provides strong support for this assertion. In our survey, SMBs and Enterprise organizations showed similar deployment rates, with 43 percent of SMBs having deployed the tools, and 46 percent of Enterprise-level organizations deploying. Despite a similar deployment rate, SMBs on average saw a ROC of 1.2, compared with a 6.1 ROC for Enterprises (see Table 2). The pattern across all of the functional areas is the same: larger organizations tend to get much more value returned from deploying and using collaboration tools than smaller organizations.

Table 2: Company Size and Return on Collaboration

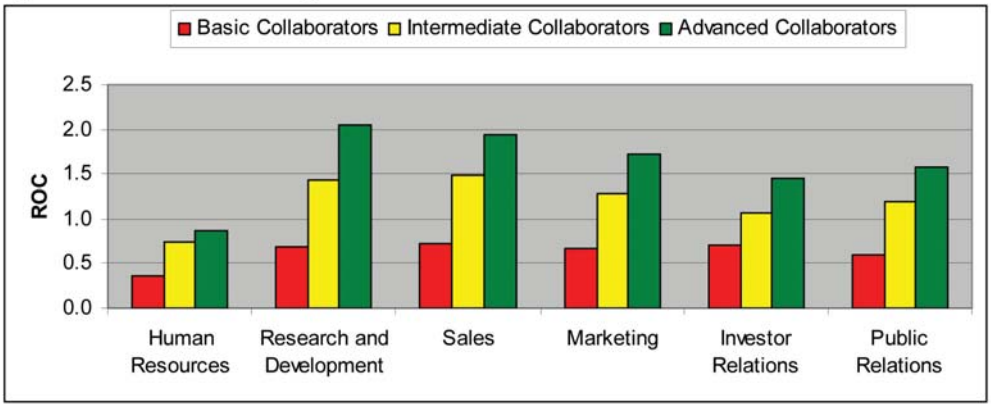
	Return on Collaboration		
	Total	SMB (50 to 999 employees)	Enterprise (1,000 or more employees)
Human Resources	2.4	0.7	3.5
R&D	5.1	1.5	7.6
Sales	5.2	1.5	7.8
Marketing	4.4	1.3	6.3
Investor Relations	4.0	1.2	5.7
Public Relations	4.0	1.2	5.8
OVERALL AVERAGE	4.2	1.2	6.1

Source: Frost & Sullivan

It should be noted that this does not necessarily mean that smaller organizations cannot achieve a substantial return on their collaboration deployment. The return continuum that

was found for all organizations also applies to SMBs. That is, SMBs that deploy progressively more advanced collaboration tools, experience a correspondingly higher return on their deployment investment. This is shown below in Figure 6.

Figure 6: RoC Continuum for SMB Organizations



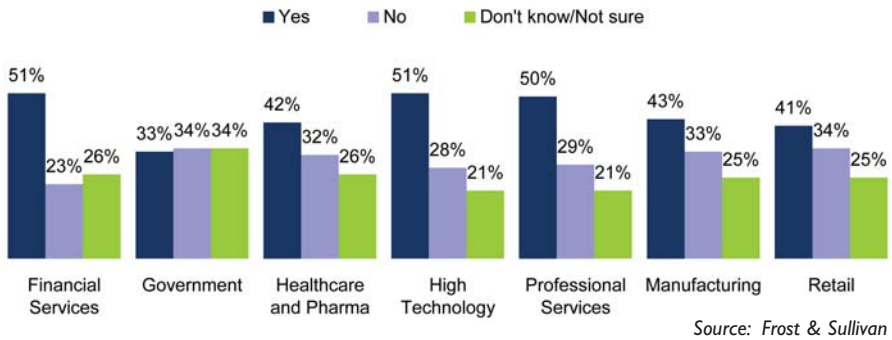
Source: Frost & Sullivan

As figure 6 shows, across all areas, SMB Basic Collaborators receive under an even return on their deployment. As SMBs add more sophisticated tools in the Intermediate Collaborator group, they tend to get an even or better than even return on their investments, except in Human Resources. However, as SMBs add the highest level of advanced collaboration tools to their networks in the Advanced Collaborator group, they are able to realize an even stronger return on that investment. Notably, the increase in return is apparent across all functional areas, although this effect is slightly muted in HR. It is clear that SMBs are able to gain the same pattern of increasing return as Enterprises, particularly when they invest in sophisticated collaboration tools.

INDUSTRIAL DIFFERENCES IN COLLABORATION TOOL DEPLOYMENT, USAGE, AND PERFORMANCE

Another aspect of the impact of collaboration technology deployment and usage on value and performance is how different industrial verticals experience collaboration benefits. Meetings Around the World II found that advanced collaboration tools were most widely deployed in the Financial Services, High Technology, and Professional Services industries, as summarized in Figure 7. These three verticals tend to rely a great deal on the communication of knowledge and providing services to their customers. Other verticals, such as Healthcare/Pharma, Manufacturing, and Retail, also have deployed UC&C, but on a slightly less widespread basis. Government organizations tend to be more conservative: our findings show that as many of them have not deployed or are uncertain if they have deployed UC&C technology, as those that are certain that they have deployed UC&C technology.

Figure 7: UC&C Technology Deployment by Vertical Industry



Source: Frost & Sullivan

Looking at the ROC analyses for these industries, Financial Services (7.5) and High Technology (5.1) have both the highest overall ROC scores of the set of vertical industries, and a consistent pattern of the highest ROC scores in each of the six business-critical processes. The other vertical industries also see a positive return from their collaboration investments, although at more modest levels than Financial Services and High Technology.

PERSONAL BENEFITS FROM COMMUNICATIONS AND COLLABORATION TECHNOLOGIES

Thus far, the impacts of collaboration technology and services are apparent at the organizational level. The more sophisticated and widespread the deployment and use of advanced collaboration solutions are in an organization, the greater the organizational business performance and return on collaboration there is. However, this study also found that the tools have a strong impact on workers' lives on a more personal level.

Workers today are busy. Across our sample, almost 60 percent state that they lead busy professional lives. Yet communications technologies are helping people not only cope with the stress and strain of professional life, but take advantage of it. For instance, 54 percent believe that these tools allow for a better balance between work and life outside of work. Moreover, 52 percent think that newer communications devices enable them to gain more control in their busy lives.

While engaged in business, the tools can enable better personal performance. Sixty percent of professionals feel that communications technologies are invaluable tools that help them stay in the loop and keep business moving forward, and 56 percent think that they allow them to take advantage of opportunities as they arise, because they are connected wherever they go.

In today's recessionary economy communications and collaboration technology can help employees overcome some of the challenges in their jobs. More than half of the professionals in the study, 56 percent, state that business travel was one of the first things that their organizations cut to save money. This is up substantially from our 2006 study, in which 39 percent stated this case. In the face of this, 61 percent say that they see collaboration technologies as actually reducing the need to travel for business (virtually unchanged from 60 percent stating this in 2006). Most (55 percent) think that using a

conference (e.g., audio, web, or video) is a good alternative to visiting business contacts face-to-face, and 54 percent are not concerned that meetings using conferencing technologies weaken their business relationships. This last finding represents an increase in individuals' confidence in conferencing technologies, with 34 percent of respondents in 2006 expressing that they were not concerned.

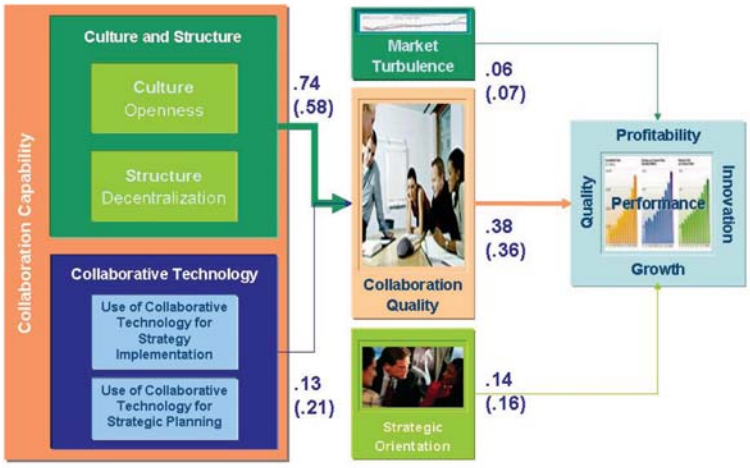
In this context, professionals see that collaboration can benefit them on a personal level, just as the technology can benefit the organizations in which they work.

A BRIEF UPDATE ON THE COLLABORATION INDEX

Given all of the evidence presented above, it is clear that the higher levels of business performance and Return on Collaboration are directly related to what UC&C technology is deployed and how deeply it penetrates across organizations. How those tools are used within an organizational context is also highly important. In Meetings Around the World I, we introduced the new concept of a Collaboration Index, which showed that both the presence of collaboration technology (Collaborative Technology) interacts with an organization's culture of openness and decentralized decision-making structure (Culture and Structure) to make up its Collaboration Capability, which in turn enables its Collaboration Quality and is ultimately a strong determinant of business performance. In essence, organizations that collaborate better perform better.

In Meetings Around the World II, we revisited our Collaboration Index and ran our current dataset through the model. In the three years since the original Collaboration Index finding, we found a striking change in the relative contribution of technology and organizational structure in ultimately determining business performance. Figure 8 illustrates the 2009 updated results on the Collaboration Index model. (Coefficient values from 2006 data are indicated in parentheses, next to the 2009 values.)

Figure 8: The Collaboration Index, 2009



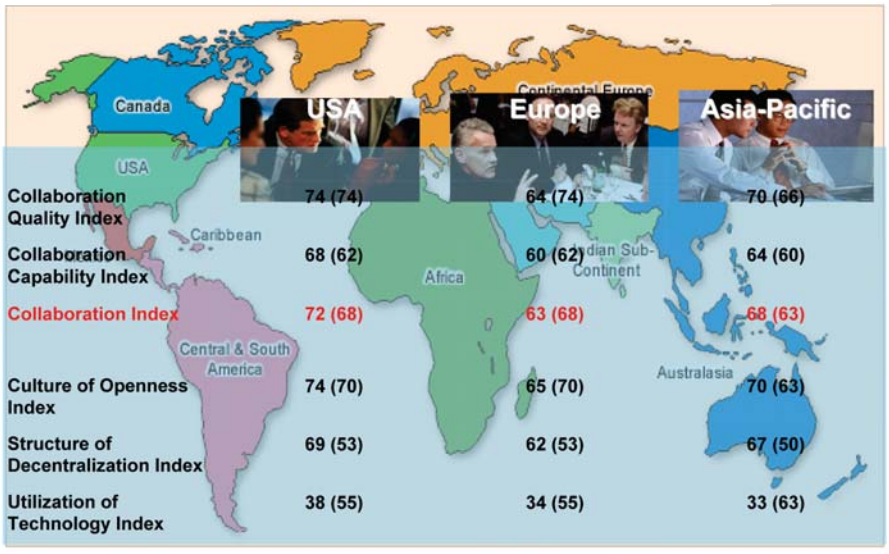
Source: Frost & Sullivan

In 2009, an important finding is that the Collaboration Quality coefficient is essentially unchanged from 2006 in determining collaboration's impact on business performance. Similarly, the Market Turbulence (a measure of how dynamic the market environment is) and Strategic Orientation (a measure of how "opportunistic" an organization is in any market), are virtually unchanged. Therefore, we have new evidence that underscores that Collaboration is more than twice as important as an organization's Strategic Orientation, and six times more important as Market factors, in determining business performance.

However, even more important is the finding that an organization's Culture and Structure for collaboration is an even stronger determinant of collaboration quality, leading to high performance, than it was in 2006. The presence and use of collaboration technology is still important, but it clearly needs to be deployed in an organization that is open, with a decentralized decision making structure. All of this means that today collaboration-enabled performance is heavily based on the organizational structure and environment in which advanced collaboration tools are deployed.

Another interesting update to the Collaboration Index is the regional differences observed in 2009. In 2006, the US and Europe had the same overall Collaboration Index (CI) score of 68, whereas Asia lagged them with a score of 63 (see Figure 9). However in 2009, Asia advanced its CI score by 5 points to 68. The US advanced more modestly, by 4 points to 72; whereas Europe actually declined by 5 points to 63. We believe that the reason for this lies in the deployment of advanced collaboration technology in these regions. The regional UC&C deployment and penetration rates, discussed earlier, showed that Asia and the US had the highest rates of deployment, while Europe had lower deployment rates. This is directly related to the Collaboration Capability index, which has the presence of and use of collaborative technology as a component to it. Collaboration Capability is also based on the culture and structure of an organization, and Figure 9 shows how Asia and the US have advanced on this component, relative to Europe. Technology Utilization is lower across all regions because of the increased importance of the new strength of Culture and Structure in determining Collaboration Quality.

Figure 9: CI Component Sub Indices (2009)



Source: Frost & Sullivan

Therefore, in 2009, it is clear that collaboration is just as important in determining business performance as it was in 2006. The technology itself is still very relevant, and the organizational characteristics have become more important to enabling collaboration-mediated business performance than was the case in 2006.

CONCLUSIONS AND IMPLICATIONS

Meetings Around the World II, a survey of almost 3,700 professionals in 10 countries on four continents, is the first study to determine a model for measuring a Return on Collaboration and the impact of IP-enabled advanced collaboration on business performance. The study found that there is a continuum of performance and return at the intersection of communications technology and business processes. Performance increases as organizations employ progressively more advanced IP-enabled UC&C tools. Not only do these organizations perform better, but they also have a higher return on their collaboration investment.

The adoption of UC&C tools can help organizations achieve performance gains and returns because they can enhance the value that an increasing number of individuals, collaborating across a network, bring to business-critical processes. In those that involve many-to-many interactions, such as innovation and new product development, sales, and customer acquisition, the return on collaboration is highest, as the greatest numbers of people are working toward a common goal (e.g., creating a new product). In processes involving few-to-many interactions, such as corporate reputation and shareholder value maintenance, advanced collaboration tools tend to have a more muted impact, due to a correspondingly lower number of connected individuals involved in these areas. At a basic, functional level, line-of-business managers believe that advanced collaboration tools help them to do critical tasks faster, more effectively, and at a lower cost than when these tools are not used.

Meetings Around the World II confirms the main findings from Meetings Around the World I, showing good collaboration equals good performance, and extends this to show that UC&C deployment is linked to a continuum of progressive performance and return. In revisiting the Collaboration Index developed for that first study, we found that collaborative technology is still an important component of overall collaboration capability. However, in the three years since Meetings Around the World I, corporate culture and corporate structure have become more important than ever in providing a fertile environment for collaboration-enabled business performance. Simply put, organizations that have an open culture and a decentralized decision-making structure are optimal environments for collaboration adoption and usage among employees and with external partners.

Organizations deploying collaboration tools can increase their business performance and gain a positive return on their collaboration investment. The collaboration continuum results show that virtually any collaboration is good. Minimal collaboration results in lower performance than even basic collaboration, and as advanced collaboration tools are deployed they enable organizations to experience progressively higher levels of performance. Organizations that are able to make the investment in these tools, and are willing to ensure that their corporate structure and environment are conducive to the tools being used, can benefit from them. The benefits are scalable, enabling IT departments to grow their collaboration capabilities intelligently. Managers and executives can apply the tools, and the functions they enable, to business-critical processes to support business growth. In this way, collaboration technology can become a strategic asset to high organizational performance.

CONTACT US

Silicon Valley
331 E. Evelyn Ave. Suite 100
Mountain View, CA 94041
Tel 650.475.4500
Fax 650.475.1570

San Antonio
7550 West Interstate 10, Suite 400,
San Antonio, Texas 78229-5616
Tel 210.348.1000
Fax 210.348.1003

London
4, Grosvenor Gardens,
London SWIW ODH,UK
Tel 44(0)20 7730 3438
Fax 44(0)20 7730 3343

877.GoFrost
myfrost@frost.com
http://www.frost.com

Beijing
Bengaluru
Bogotá
Buenos Aires
Cape Town
Chennai
Delhi
Dubai
Frankfurt
Kolkata
Kuala Lumpur
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