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Video Conferencing Matures In Troubled Times

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'The economy is a savings bank where you drop pennies and expect dollars in return.' This is what we believed for quite sometime until recession hit the global economy. After 1920-21, this is the second time in world history that established banks went bankrupt. However, like we all know, opportunity lies everywhere, every negative factor comes with some positive lining and the recession has been no exception. This time the segment, which has been at the receiving end of some odd opportunities, is the video conferencing industry, which continued to be on the growth path despite troubled times.

Advancements in video conferencing technologies, an economic slump coupled with enterprise need to cut costs while simultaneously boosting employee productivity, and fall in bandwidth prices are some of the factors that have spurred the growth of video conferencing in India in recent times. This trend is evident across different verticals and enterprise segments. The corporate and government sectors are the top adopters of video conferencing at this point. High-tech industries such as telecom, IT and IT services, and BFSI have emerged as the major adopters in the corporate sector. Besides, government departments are also making video conferencing a part of their long-term strategy towards improving administration and efficiency.

One among many or the collaboration platform of choice?

Pranabesh Nath, Industry Analyst from Frost & Sullivan expects the video conferencing market in India to be driven in the next three to five years by the government sector as it seeks to expand on its pan-India administrative network, and by the corporate sector in its drive to improve productivity and cut costs. "While general meetings are expected to remain the single largest application, others such as training, recruitment, e-learning and tele-justice are expected to contribute to the growth in the Indian market by 2014," he says.

A Frost & Sullivan report estimates these segments to contribute approximately 75 percent of the total market in 2009. While another report reveals that video conferencing grew by a healthy 23 percent plus in CY08 for endpoints and it is expected to grow at a CAGR of nearly 24 percent over the next five years.

So when 'almost nil cost' options like WebEx and virtual platforms like Second Life are available, what is drawing companies to video conferencing? "Web collaboration platforms such as WebEx are a great way for globally distributed project teams to collaborate and share data, but they do not have the capability for immersive and life-like meetings. This is where the value proposition of video conferencing and TelePresence lies. So while Web collaboration tools are meant for a larger, organisation-wide usage for data collaboration, video conferencing is more targeted towards executive level meetings," says Nath.

Agreeing with Nath's point, Manoj Mehta, Country Manager – India and SAARC Operations, Dassault Systèmes SolidWorks, says, "Though WebEx and Second Life are effective distance communication platforms for a number of purposes, there are times when video conferencing makes all the difference, especially for those very important meetings when you would like to see the person or group that you are talking to."

The 'Benefits' basket

Enterprises today are increasingly investing in video conferencing as a tool to improve productivity and also to control costs related to travel. Video conferencing enables geographically dispersed people to come closer and collaborate effectively on a real-time basis. "It reduces the stress related to travel, improves internal communications and teamwork, and offers an increased rate of information absorption and retention. Studies show that face-to-face meetings enable 40 percent increase in absorption of information and indicate 38 percent increase in retention," says V Praveen Kumar, Head-Convergence and Tele Conferencing Business, Avaya GlobalConnect.

In order to further promote video conferencing, solution providers such as Tata Communications and Tata Teleservices Maharashtra Limited have begun to offer TelePresence services on a pay-per-use basis. Some of the known names from the hospitality industry like Indian Hotels, Marriott International and Starwood Hotels have set up TelePresence rooms to offer their customers the flexibility to use the service by paying on an hourly basis.

Even though the market is growing strongly, industry experts believe that the Indian VC market is still in its infancy and it is too early to expect the overall work culture to change. But there is vast potential as market penetration in India is among the lowest right now. Other relatively more mature and growing markets like China are more than six times larger when compared to India.

As convergence brings voice, data, and video onto the same network, new technologies are rewriting the rules of collaboration. "Today, networks are becoming increasingly scalable and enterprises are realising the benefits of having all the applications on the network. Companies having offices in multiple locations, nationwide, or around the globe are keen to adopt these technologies, as this helps in justifying the RoI of the solutions deployed," says Rajesh KK, Business Development Manager-TelePresence Systems, Cisco India & SAARC.

Abhimanyu Gupta, Director, Actis Technologies, says, "CIOs have now realised that even video conferencing infrastructure requires an investment, which they need to make if they are to grow their business without increasing expenses over the medium to long term. And with the fast increasing RoI of these systems, CIOs are now far from skeptical about either the power of video conferencing or their ability to recover the investments that they make in this infrastructure."

The final note

All said and done, what is required is a set of universally-accepted standards for achieving a high-level of customer adoption and satisfaction. So what is being done to achieve this? Video conferencing vendors have recognised this and have been continuously improving their product interoperability with rival companies. However, Nath points out that the real issue lies in the complexity of internal networks between two businesses that need to be connected together and all significant network devices, including video conferencing multi-point control units, gateways and other devices that need to be compatible with each other to ensure a consistent and high-quality experience.