

Selecting a
Cost-Effective
Conferencing
Solution



Organizations are increasingly using audio and web conferencing to enhance communications among employees, customers and partners. These conferences can be used as a cost-effective complement to travel and face-to-face meetings.

As you evaluate conferencing solutions for your organization, an important selection consideration should be the cost of the solution. You should consider both initial costs and on-going costs. In most organizations, once conferencing is available, it becomes an integral part of business communications and usage grows rapidly. Depending on the conferencing solution, this growth in usage could lead to significant on-going costs.

Conferencing Options: Service Providers and In-House Solutions

Organizations have two basic options for providing conferencing:

- Outside conferencing service providers
- In-house conferencing solutions

Service provider solutions

Historically, most organizations have relied on service providers to provide the services necessary to enable multi-party audio and web conferencing. In this model of conferencing, organizations can either arrange a conference via an operator or they can establish a contractual arrangement with the service provider that allows participants to set up a conference on demand without advance reservations and without an operator. Service providers charge for their conferencing services by levying per-minute surcharges per each participant on the call and/or by charging a monthly license fee per user. The longer the call and the more participants, the more it costs. Costs may also grow as users add extra features, such as recording and playback, toll-free access, polling, and additional security features.

In-house solutions

With in-house conferencing solutions, organizations invest in their own conferencing solution by either purchasing or leasing equipment, installing it on their premises, and connecting it to their corporate voice and/or data network. This premises-based conferencing platform then performs the necessary conference bridging services to enable multi-party calls, and support either audio-only conferencing or integrated audio and web conferencing.

Using in-house conferencing, costs are fixed: they do not vary by the number of conferences or the number of participants. As organizations deploy this capability and deliver the benefits of conferencing and collaboration more broadly, they do so without incurring costs for each user and for each minute.



Hybrid conferencing solutions

In a variant of the 2 basic conferencing solution options, organizations may implement a "hybrid" solution, combining an in-house solution with outside conferencing services. The in-house solution is typically used for routine conferences, where the users number fewer than 200 and the participants are familiar with the conferencing procedure. Examples of routine conferences would include weekly sales calls, new hire training presentations, and marketing project status updates. The outside conferencing service is used for larger, more formal conferences, often where operator assistance is required. Examples of these more formal conferences would include large scale quarterly investor briefings or company-wide addresses from a senior executive.

Comparing costs of conferencing solutions

There are a number of costs – both fixed and variable, one-time and ongoing – that determine the overall total cost of any conferencing solution. These costs include:

- Audio cost per minute for accessing a conference bridge (long distance costs)
- Audio conferencing cost per minute per participant
- Web seat license fees
- Equipment
- Installation
- Maintenance

To assess which type of conferencing solution – service provider or in-house – is better for your organization, you need to consider current and future usage patterns:

- the number of employees using the conferencing solution;
- the amount of time spent conferencing within a given time period; and
- the number of concurrent seat licenses you will need to accommodate demand.

The Yankee Group performed just such an analysis in its August 23, 2002 report, *Analysis of Purchasing an Audio/Web Conferencing Platform vs. Outsourcing Conference Bridging Services*. The report's author based the analysis on a hypothetical organization of 600 employees that spends 50,000 minutes per month on audio conferences and has 15 concurrent web conference seat licenses. Per-minute audio costs, per-user web license fees, and equipment, installation, and maintenance costs were based on typical costs.

The Yankee Group report found that the in-house conferencing platform cost less than the service provider solution, summarizing as follows: "The results of the model showed a return on investment in seven months for the enterprise [with the in-house solution]. After the seven-month period, the enterprise will realize a savings of \$7,000 per month."

Of course, the cost comparison between an outside conferencing service provider and in-house solution will vary with each organization. In evaluating conferencing solutions, you should perform a well-structured cost analysis, using your own organization's conferencing patterns.

Because of their potential cost advantages, organizations are increasingly evaluating toward in-house, premise-based conferencing solutions. According to the META Group, the market for conferencing during the next five years "will undergo radical change as deployments gradually move away from a hosted model toward an on-premises execution." This leading information technology research and consulting firm expects "on-premises execution to be up to 50% less expensive than hosted models."



Variability of Costs and Opportunity Costs

In addition to the direct expenses associated with conferencing, it's helpful for organizations to consider other, less obvious, but no less important, conferencing-related costs when evaluating their conferencing choices.

One such consideration is the variability of conferencing costs. When conferencing is delivered by an outside service provider, costs will vary month-to-month, quarter-to-quarter, depending on the number, size and length of conferences. The organization needs to accommodate this unpredictability.

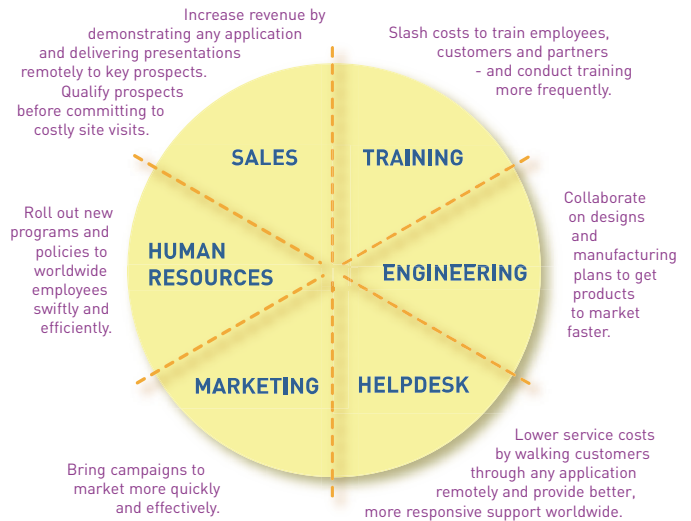
By contrast, if an organization owns its own in-house conferencing system, it will incur a predictable monthly cost for management and support. If it leases the system, it will also incur a fixed monthly lease expense. These on-going monthly costs, however, are fixed and predictable and completely unaffected by the number of conferences held.

Finally, before choosing any conferencing solution, organizations should consider the costs they will incur by not conferencing. While harder to quantify, these costs can be considerable. For example:

- What's the cost of not holding an important sales meeting in order to keep expenses down?
- What's the cost – in lost time and lost business – when organizations and their partners can't respond quickly to new market opportunities?
- What's the cost of not communicating more frequently and fully with customers?
- What's the cost in competitiveness when employees cannot receive frequent training in new job skills?

Sonexis can prepare a complete cost savings and ROI analysis, customized for your particular organization, based on your specific conferencing needs. This custom analysis, using your organization's own data, can project your expected savings and payback period from your investment in the Sonexis ConferenceManager™.

Organizations typically find that once users have access to conferencing, its use spreads quickly through an organization. It can deliver benefits across multiple functions, including sales, marketing, human resources, training, and support. In evaluating conferencing solutions and projecting the associated costs, be aware of the potential for this rapid growth in usage.



The Sonexis ConferenceManager

Sonexis, Inc. delivers an in-house, secure, integrated audio and web conferencing system that helps businesses improve business processes and communications while significantly reducing the cost of conferencing. Compared to conferencing products from other providers, organizations using Sonexis' ConferenceManager can benefit from significantly lower conferencing costs, enhanced security for sensitive corporate information, easy to use collaboration features, more value from PSTN and VOIP network investments, and more effective communication among employees, customers and partners.

For more information on the Sonexis ConferenceManager and to schedule a custom cost analysis, contact Sonexis at: 978.640.2000, toll-free at 800.276.6394, or at www.sonexis.com