WAINHOUSE Research

Big Ideas to Make Your Conferencing Costs Smaller

How to Reduce Your Conferencing Bill Dramatically While Keeping Services the Same

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For Business

Contents

Executive Summary

Every market has more potential for greater efficiencies than most people recognize. However, most people and organizations buy at or around average prices. It is true in consumer purchases (e.g., think about how online buying has democratized the purchase price for the most common items) and in business (e.g., most organizations buy commodity items at or around the same price as their peers). Similarly, the conferencing services market holds the potential for greater efficiencies. For example, there is the potential to buy like services at lower prices. In fact, in North America, the market generated approximately 113 billion[1] minutes of audio conferencing in 2014, and approximately 8% of those minutes were provided to users at no cost! Of the estimated 107 million active account holders in North America, how is it that 8.5 million users pay nothing? The logical expectation may be that these free account holders are using services that skimp on quality or features. Yet, you may be surprised that this is not necessarily the case.

This paper explores the rise of free conferencing into the enterprise market and how it is rapidly being used along with, or as a replacement for traditional fee-based services. We will reveal where the market has been, where it is headed, and explore strategies you and your organization can use to cut conferencing costs dramatically while maintaining service-level parity.

A Brief History of the Conferencing Market (Tip of the Hat to Stephen Hawking)

Members Only

The early days of the conferencing industry resembled an exclusive, members-only club, with conferencing accounts tightly managed and carefully distributed to select, pre-approved individuals and elite groups of personnel. Typically, those groups consisted of C-suite executives and critical sales personnel. The common justification was that these high-valued personnel required regular interaction with groups of other people – executives with one another and the Board of Directors, and sales people connecting clients and product or engineering team members. In the 1990s the typical enterprise was paying approximately $0.35 per minute, per participant. The average audio conference consisted of five people and lasted 55 minutes – running up a tab of $96.25 per conference call! You can see why conferencing accounts were so tightly controlled. Still, a typical multinational enterprise would use around 10 million minutes of conferencing at a cost of $3.5M annually!

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[1] Includes all unified communications, traditional post-paid, and free conferencing audio minutes

DIY

An alternative has always been for the enterprise to buy its own audio bridges, acquire network access, provision local dial-in numbers, and staff a call center for round the clock support. In the 1990s, a typical audio bridge cost over $1,000 a port. When you added up the amortized capital equipment costs, annual maintenance costs, and personnel costs (program manager, technical support, help desk, operators), it has typically been less expensive to use a conferencing service than to bring it in house. And those initial cost models would quickly and arbitrarily change as collaboration technology has progressed at a rapid pace, requiring a never ending cycle of upgrade > test > integrate > repeat to keep the in-house service from becoming obsolete.

> **Bring Your Own…**
> Like BYOD for mobile devices, the underserved in the enterprise market are BYOC (Bring Your Own Conferencing). We know this to be true because most large enterprise audits uncover hundreds-to-thousands of employees who have self-administered audio and web accounts where they use free services or expense paid services at the department level.

Zeros and Ones

The new millennium (beginning in 2000) brought on the conversion of analog to digital bridging technology. This opened the door to support for VoIP, and the historic reliance on the traditional PSTN network was no more. This allowed both service providers and enterprises to begin augmenting and replacing costly voice-only circuits with more cost effective converged data networks. As a result, the cost, quality, and control of the conferencing experience dramatically improved. In fact, by 2005, the combined effect of lower bridge port and network costs dropped the cost per minute for hosted audio conferencing services by a factor of four, from $0.35 down to $0.08.

Epidemics, Terrorism, Wars, and Natural Disasters

Conferencing's value proposition for a large community of users has always existed, but often required an external catalyst to be realized. The Gulf War (1990), September 11 attacks on the World Trade Center buildings (2001), SARS epidemic (2002), and the volcanic eruption of Eyjafjallajökull (say that five times quickly) in Iceland (2010) all drove enterprises to leverage conferencing services deeper and wider into their organizations. And while these disasters were all thankfully short term events, they created new plateaus of usage in each case – if conferencing volume spiked by 10% after an event, that became the new plateau moving forward as users adapted their process, habits and associated behaviors.

Most importantly, these events worked to position conferencing as a critical tool that should be provided to every knowledge worker in the organization vs. the select few.

The Demand for Conferencing Accounts Is Growing Dramatically
Billions and Billions of Minutes Served

Today[2] over 140 million people worldwide hold conferencing accounts, collectively generating over 150 billion minutes of conferencing a year[3]. That is more than 10x the number of users and 10x the number of minutes since the 1990s.

Interestingly, there has been a direct correlation between the price of conferencing and its use in the enterprise. For every percentage drop in the price, there has been a corresponding increase in the volume of minutes used (and the number of new accounts).

However, the continued growth of post-paid conferencing is coming to a stop (or at least experiencing a significant slow-down).

It is not because people are using less conferencing services -- on the contrary, they are using more. In fact, WR forecasts the market will grow to over 300 billion minutes by year-end 2019 – growing dramatically over the next five years. Users are just conferencing on different services in a different way.

WR has strong evidence to suggest that audio conferencing services are at the early stages of a three-way split:

a) The enterprise continues to use an existing post-paid service, paying per minute for toll-free access, but stalling at its current volume with no further growth. This trend has already happened in the US and will eventually make its ways around the world;

b) The enterprise transitions to a unified communications (UC) service where conferencing is bundled into the product and the price for the license. Enterprises who have converted from post-paid to UC services generally report an increase in conferencing, sometimes 2 or 3x the volume of their previous usage – generally due to lower perceived costs and an increase in the number of users with access to the conferencing platform; or

c) Users pick up no-cost or low cost services associated with "free" conferencing accounts or where the audio is embedded in the web conferencing client (but still paying for the web conferencing license).

Our recent study of IT Decision Makers (ITDMs) indicates that:

89% of **ITDMs** have participated in a free conference call	**74%** of ITDMs have participated in a **business-related** free conference call	**88%** of **Users** have participated in a free conference call	**71%** of users have had **business related** free conference calls

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As a result, the volume of free conferencing service has grown to over 8% of the North American volume, or over 9 billion minutes in 2014.

Like epidemics, terrorism, wars, and natural disasters in the past, the need for personal productivity, work/life harmony, and the growth of collaborative teams at every level in the organization is driving widespread demand for, and use of, conferencing services. Where there is an urgent need with a strong personal and organizational benefit, users will get services wherever they can. The question for ITDMs is whether they leave this rogue use on its own, or harmonize it into their standard and supported portfolio of corporate services.

Voicemail Is for Grandparents (and so Is Email)

Many of us have heard about the November 2014 internal memo by Coca Cola's CIO announcing their intent to shut down the corporate giant's HQ voice mail system. CIO Ed Steinike stated they were doing it "to simplify the way we work and increase productivity" and Coca-Cola spokesperson Amanda Rosseter said the reason was to change "the tools and methods in which we communicate as a company". Dropping voice mail was not a requirement, but rather, offered as an option to each employee; that said, so far, 94% of HQ employees have taken the company up on the option.

Coca Cola's experience with voicemail highlights an ongoing and dramatic change in user preference and communication habits under way at many other enterprises.

In recent WR customer advisory board meetings, nearly every ITDM responsible for enterprise voice reports that *less* than 50% of their company's voice calls are point-to-point, while *over* 50% terminate on an audio bridge today.

Of course, these ITDMs often add that some percent of those calls are still 2 party bridged calls – often based on the flexibility a bridge has to offer (What if I need to be away from the office at that time? What if I need to add a third person?)

Still, the percentage of bridged calls is only expected to increase as employees spend an increasing amount of time in group collaboration.

Collaboration Is the New Normal

Increasingly, collaboration has become a competitive and critical component in today's progressive enterprise. As group collaboration is on the rise, and the majority of calls terminate on a conferencing bridge, the critical question becomes; what is the most cost effective way to enable your knowledge workers with conferencing accounts?

Most post-paid audio conferencing is still metered, and the more you use, the more you pay. With more account holders this spend can increase exponentially.

So Who You Gonna Call?

In the world of conferencing, there is an expanding universe of alternatives and options; that said, three is an easy number to manage, so we will stick with that paradigm:

1) Do nothing. Stick with the post-paid services. Most organizations still pay for premium toll-free numbers + bridging fees (even though most North American voice plans are flat rate).

2) Add conferencing to your new UC initiative. While an increasing number of enterprises have gone down this road, this approach requires a surprising amount of planning, focus, and determination to successfully replace their incumbent conferencing service provider. Moving from a traditional audio conferencing service to a UC service requires a solid strategy including system architecture and design, network analysis and uplift, support considerations, end-user training, and often-new equipment deployment. It is not uncommon for an enterprise to begin a UC conferencing rollout, only to uncover hidden costs and challenges along the way – initially deploying the service to a small percent of their organization, or worse, boomerang back to their original post-paid service.

3) Choose something to bridge (sorry for the pun) your journey from legacy voice and conferencing services to UC, while immediately and dramatically reducing your conference spend.

However, before you choose option 2 or 3 (and maybe you want to consider this for option 1, too), let us make sure you choose a service that has the critical features your enterprise requires.

What Are the Critical Components for Today's Enterprise Conferencing Service?

- Rock solid reliability- Both the bridging/servers and the network.

- Customer service – Someone to speak with regarding *any* issue you care about – including service, rollout, features, and cost (billing).

- Security – A platform that secures your conversations and eliminates account fraud (which is rampant in the legacy conferencing market).

- Features – Supports the service most in demand - everyone is now using VoIP+PSTN+mobile (cellular + OTT voice), web conferencing, and personal HD video.

- Price - No enterprise has money to burn. Getting the best service, with the required features, at the least cost should be paramount to your decision criteria.

To this end, ITDMs in our study claim security (#1), costs (#2), mobility (#3), and quality (#4) as their top priorities for 2015.

Word Cloud of ITDMs Top Mentions

(Survey question: Please describe your top 3 conferencing service-related priorities for this year)

An Introduction to FreeConferenCall.com for Business (freeconferencecall.com/for-business)

In our study, Free Conference Call (Free Conferencing Corporation), the sponsor of this paper, was the most recognized free conferencing brand, and is the fourth largest[4] provider of audio conferencing services worldwide.

Top 5 Audio Conferencing Providers Worldwide (by volume of minutes)	
#1	InterCall
#2	AT&T
#3	PGi
#4	Free Conferencing Corporation
#5	Verizon

The company has four brands: FreeConferenceCall.com, FreeConferenceCall International, FreeScreenSharing.com, and StartMeeting. This company owns and controls their entire infrastructure and carries many of their clients' conferencing traffic across their own network. After realizing they were supporting thousands of individual business account holders, the company formed FreeConferenceCall.com For Business to address the unique and specific needs of administrating an account within a business.

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[4] 4th largest market share worldwide based on audio conferencing minute volume

FreeConferenceCall.com For Business is a new enterprise-class conferencing service, powered by the world's largest free conferencing company.

The service has been designed with the enterprise's most critical needs in mind:

Challenge	FreeConferenceCall.com For Business Solution
Eliminate the Price of Audio Bridging	Wanna talk to a zillion people at the same time? (most people only connect with an average of four). Go ahead - connect up to 1,000 callers at no cost.
Eliminate domestic network conference call fees	Zilch, zero, nada – no cost for network fees when using a toll number (but, hey, if you want to go old school, they have toll free numbers for those who like to pay).
Bonus!	As a bonus, administrators can manage users and individual conferences via a web browser with one-click web controls.

Additional Features

Meeting Wall - A persistent, customizable meeting wall where account holders are able to create a personal landing page for participants. Includes the meeting organizer's photo or company logo, the meeting title and description, cloud file storage, meeting scheduling, web controls for audio meeting, chat wall, and Radio – the ability to stream your call for anyone visiting your Meeting Wall URL. Cost: Free

Studio – Create and stream cloud-based presentation with audio. This feature records anything on your screen with audio - on-demand, with unlimited viewing. Cost: Free

Want local dial in numbers for your international people? Local access from more than 55 countries.

Customized options include white-label branding, record your own customized greeting for conference participants and your own style of on-hold music, dedicated dial-in numbers, and IP/SIP trunking to your PBX and on-premises Microsoft Lync

Summary

Enterprise communications is undergoing its biggest transformation in 100 years. The concept of voice within the organization needs to be re-evaluated. Where peer-to-peer voice calls, email, and voicemail dominated business communications in the past, today's communication is defined by social collaboration. Rather than pick up the phone, people text and send instant messages (often expecting instant replies). Rather than going to visit in-person, people connect via video on web cams. And, rather than sit uncomfortably in a conference room for hours without end, people jump seamlessly between audio and web meetings at the comfort of their personal desk and office. (Personally, I putt golf balls into a cup during those long audio meetings – but I encourage you to be "more productive" by multi-tasking with actual work).

The consumerization of IT has had a distinct impact across mobile devices, productivity applications, and security within the enterprise. It is time to consider what additional aspects of the enterprise could benefit from the reorientation of other services.

In a recent study of enterprise IT Decision Makers we asked, "If audio conferencing services were 50% the price of your current provider, would you consider moving to a new service?" 51% of your peers said, "Yes", 48% said "Maybe, but I would need to be convinced the new service is equal to or better than our current service". How would you respond?

About the Authors

Marc F. Beattie is a Sr. Analyst and Partner at Wainhouse Research, LLC. Marc's area of expertise is cloud-based unified communication at Telco's and specialty providers. He has authored public and private reports on product strategies, distribution structures, emerging technologies and industry applications. He is a featured speaker and moderator at industry conferences and private company events - specializing on the future impact of current technology developments. He regularly consults with end users, established vendors, emerging companies, and the financial community. He can be reached at mbeattie@wainhouse.com.

Bill Haskins is a Senior Analyst at Wainhouse Research with a strategic focus on unified communications products and services. Bill has over 15 years of experience supporting, delivering, and designing converged Collaboration services in a global communications environment. He has authored multiple white papers and articles detailing the keys to a successful UCC implementation and delivered various UCC presentations, highlighting his experience integrating Collaboration solutions into business process and enterprise applications. He can be reached at bhaskins@wainhouse.com.

Caroline Tingley is a Research Associate at Wainhouse Research, LLC. She works on both qualitative and quantitative studies with a specialty focus on customer insight. She can be reached at ctingley@wainhouse.com.

About Wainhouse Research

Wainhouse Research is an independent analyst firm that focuses on critical issues in the unified communications and collaboration market. The company provides six different vendor subscriptions covering unified communications, group videoconferencing, personal & web-based collaboration, audio conferencing, streaming & webcasting, and distance education & e-Learning solutions, as well as a single all-inclusive subscription for enterprise users. The company acts as a trusted advisor providing strategic advice and direction for both the UC&C industry and its enterprise users. For further details contact sales@wainhouse.com or see http://www.wainhouse.com.

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