

## Business Voice

### MEETING AT A DISTANCE

The shape of things now.

They were dubbed the technologies that "nearly made it". Five years on, with quality and pricing issues resolved, video and audio conferencing are finally coming into their own.

The terrible events of September 11 are devastating the airline industry and have accelerated the American downturn into near recession. Yet, they have had one, not entirely unpredictable, upside too. Instinctive fear of flying is forcing many business bosses to take a serious Look at alternative ways for their executives to meet at distance. Video and audio conferencing are making, one might say, a comeback but they never really arrived in the first place.

You might just remember the hype five years back when video-conferencing first hit the scene. If you did take a look at it then, you might also remember the disappointment. Bulky "rollabout" systems you wheeled about from meeting to meeting, the age they took to set up, sound lapses and picture quality that fell short of your average TV - it was hardly a snap at J40,000 each.

But that was then, and this is now. Today's videoconferencing kit can be closer to the size of a set top box, costing as little as \$3,000. Quality issues have largely been sorted out too. It isn't rocket science (nor- yet- broadband) but, without even knowing it, you've probably already got sufficient bandwidth to run good quality distance meetings. You simply bond together three primary rate ISDN lines (three x 128 kilobits per second).

But that's not all, any executive with a notebook PC can buy a fully-fledged VC end station. Plug it in and you've got meetings from your desktop.

So finance directors can sleep easy in their beds. Of course you get what you pay for but around J50 an hour compares favourably with the cost of an executives business class flight, hotel and meals. And that's not even taking into account the disrupted man hours spent in transit.

"Companies simply do not realize how much better the technology has become, how cheap and how much easier to use. When senior executives do bother to acquaint themselves with the current state-of-play, they are very favourably impressed," says Melville Wallace, a VC analyst at Frost and Sullivan.

For a business like media group Pearson with 30,000 people in 62 countries, the technology has made sense. "Videoconferencing used to mean sound delays and poor images. People were less honest and open and meetings became perfunctory and ineffective," says Justine Drew, Pearson's business development manager. But people no longer have to meet face to face to tackle the meaty issues. Now the link-up is always live, presentations can be printed off simultaneously at either end, and the picture quality is so good, says Drew, "it's the closest you'll get to having someone in the room".

VC is not the only technology taking root, though. Alternatives include teleconferencing and web conferencing (which lets users view data presentations while they listen to the arguments). It is not uncommon for chief executives and finance directors to present earnings reports to a global investment audience in this way. The audience tunes into the live webcast. If you want them to, people can see a slide presentation while listening to the audio conference or they can even direct the presenter to their questions.

Demand for VC is boosted by the fact that the threat of an economic downturn in Europe has put the squeeze on many travel budgets. That said, many companies had already stopped insisting their executives (particularly those in the US) had to fly out to meetings.

As interest in the technology grows, though, this will throw up a number of less obvious problems. First, be aware that, if the kit is to be made widely available away from your meeting rooms, conferencing from your desktop can cause disruption to colleagues.

Second, you'll probably need to clamp down on office mess. If your executive is in an important meeting, do you really want to expose your cluttered work spaces to the scrutiny of all and sundry? Last week's stained coffee mug is hardly likely to impress the clients.

And then there's the etiquette training. VC companies are increasingly turning their attention to what a TV studio would call 'production values'. Does what people wear and how they behave detract from what they are saying? Are they wearing camera friendly clothes? Do they fidget, yawn and scratch their ears? A little training, which the vendors are more than happy to give, will make people camera aware and help them to address their worst habits.

Returning to the technology, there are two main ways to link up - ISDN and IP (internet protocol). Originally the threat of a VHS/ Betamax- style battle royal seemed likely to rear it's ugly head but in the event, this failed to materialize. The lion's share of VC is run over ISDN because national and international IP networks are still relatively embryonic. But before you write IP off, it can work perfectly well where the conference is set up between stations in the same building, or on the same campus.

In any case, most kit these days has been designed as "dual mode" to run equally well on either connection with the ability to transfer from one to the other without incompatibility problems. The technology is improving all the time and when broadband takes off, that should make a considerable difference.

Improvements to processors, compression and decompression algorithms and the peripheral technologies such as microphones, speakers and monitors, are helping to give the technology a significant boost. But as we said before, you get what you pay for. It's like hi-fis or cameras. Low cost technology is good but you can't always rely on outside factors.

Jamie Thomson, joint managing director of Teliris claims low-cost products with standard ISDN connections aren't yet giving companies TV quality, 99.99 per cent reliability. He says that the trouble with VC over ISDN (even if you bundle six lines together) is less to do with the kit and more to do with line availability. "if you're conferencing between, say, New York and London, you will struggle at peak times to get six lines. Even if you get them, you are likely to lose some of them during the conference, making for a very frustrating experience," he says.

Further, the compression ration is too high with standard VC equipment so it falls short of delivering TV quality. His company pitches itself unashamedly at the big corporates who can afford to pay the entry price of it's product: \$150,000 per meeting room, plus \$12,000 to \$15,000 a month for a privately leased network. It may be more expensive but there's a good reason why - they use superior codecs that give higher quality. "The cost of VC is relative to what is being achieved. If a meeting furthers a major contract, the costs are trivial," he says.

Companies are beginning to move towards video and audio conferencing. The J164.1m Value of the Europea VC market last year was not that impressive, say analysts Frost and Sullivan, but that figure needs a bit of explaining. Five years ago, the industry shipped around 20,000 end points (VC stations) a year. Today, the market has grown to 60,000 but, with kit now starting at less than J6,000, that means total market value is only up ten per cent.

Less than seven per cent of businesses use VC today. Small businesses, in particular, can make big returns on investment. They benefit hugely from having their executives on hand rather than constantly traveling between meetings, and VCing can make smaller offices more involved in decision-making.

To date, VCing weak link has been video to the desktop or laptop. But the technological elements are in place and the next development, which will aid flexible working, seems likely to be ISDN lines connecting executives when they are at home.

All that now seems to be missing is the demand. Considering the plugin PC cards are so cheap and also come with management software that limits video traffic, will conserve space for priority applications and prevent network overload, the relative lack of take-up is suprising. You would have thought people would jump at the chance to make their lives easier.

The industry itself has been through a period of restructuring and consolidation but it is genuinely beginning to make slow but steady inroads into the Global 1000 companies.

Of the key players, Polycom created a bit of a stir earlier this year, when it bought PictureTel. This gives the newly merged company a dominant position in the sector. Electronics giant Sony, a player in this sector since 1994, Is also showing interest in growing it's market share.

Having a world brand such as Sony gunning for the technology will help to "legitimize" the market as a whole. And it may even benefit other less well known vendors, says industry analyst Wallace. Tandberg, meanwhile, remains a significant player in Europe and VTel, which withdrew from this market recently, is planning to reenter the fray shortly with a new product.

Unlike the PC market, the VC market is very far from reaching saturation. The manufacturers still clear their stocks every year with the exception of video to desktop. The timing has never been more auspicious for vendors eager to persuade business to buy into the technology in a big way.

The industry will only have itself to blame if it fails to win the hearts and minds of potential customers and become an all pervasive technology before the current upsurge of interest in distance meeting subsides and air travel picks up (just as it did after the Gulf War).