

Video Conferencing in the Digital Age: Agile Clouds Fuel Technology Adoption

A Frost & Sullivan Executive Brief

#### INTRODUCTION

There is a significant transformation under way in how businesses are using next-generation technologies for greater efficiency and competitive advantage. Video communications and collaboration is leading the way in becoming a key enabler for accelerating digital transformation in sectors such as manufacturing, banking, healthcare, education, energy, retail, and hospitality. New and innovative use cases for video conferencing are emerging that are not only driving efficiency, but also generating new sources of revenue via innovative business models. Video-enabled customer engagement, digital classroom, mobile and virtual banking, smart factories, digital talent acquisition, and ehealthcare are just a few areas where video conferencing is fundamentally transforming businesses.

Video conferencing in the past has been riddled with challenges and is frustrating to deploy and use. Most businesses that are looking to deploy video conferencing today suffer from the usual trap where technology acquisition often translates into a massive IT time sink. IT administrators are often pulled into mundane, tactical, break-fix functions that are not strategic to the business. As a result, businesses are shying away from solutions that require heavy lifting. Clearly, IT wants to spend less time "keeping the lights on" and more effort on adding strategic business value and increasing revenue.

There is a growing need for collaboration solutions that support today's business needs of increased agility and speedy deployment along with instant ROI. Customers are increasingly opting for managed and cloud video conferencing services that not only remove the traditional IT pain points, but also arm users with the ability to connect with anyone anytime with tremendous ease of use. Next-generation video conferencing that is making work simpler, faster and more productive is finally here.

## RAPID MARKET MOMENTUM

In June 2016, Frost & Sullivan conducted an extensive analysis of the enterprise video conferencing market in the report, "Growth Opportunities in the Video Conferencing Market: A Holistic Evaluation of Technology Adoption and Growth Trends." The report states, "User demand for video communications has been accelerating. The proliferation of mobile devices combined with an unending appetite to consume video in all its forms has been a major factor in breaking traditional barriers to adoption."

The report also observes, "Cloud is upending the way products and services will be delivered, evaluated, and used. The focus is shifting from over-engineered products and number of features to agile development and continuous delivery that is based on actionable analytics and constant innovation." For businesses, the conversation is shifting from travel cost savings and enhanced internal productivity to better monetization of video-enabled business models that drive revenue growth.

Key findings of this report show that video conferencing adoption is growing exponentially with no signs of slowing down.

• In 2015, an estimated 18.5 million video conferencing-related seat licenses were shipped, leading to total revenue of \$6.14 billion. The overall video conferencing market is on a high growth trajectory and is forecast to grow at a compound annual growth rate (CAGR) of 13.2% from 2015 to 2020 to reach \$11.44 billion by 2020.

- Seat license growth is forecasted at a whopping 29.2%, with rapid adoption coming from next-generation devices and cloud services that will extend the reach to a broad set of users.
- Free and consumer-grade solutions as well as a growing number of communication tools that offer video conferencing as a built-in feature are making video mainstream. The average selling price is declining rapidly, making the technology more affordable.
- Adoption is being driven by video usage in multiple meeting environments—conference rooms, huddle rooms, open spaces, desktops, and mobile devices.
- WebRTC has enabled browser-based, plug-in-free, easy access for all. Video conferencing is increasingly
  available as a feature embedded in all forms of communications. Enabled by the intersection of cloud, social,
  and analytics, the technology now offers ease of use, bringing down the traditional barriers to adoption.

## MARKET-SHAPING TRENDS IMPACT ADOPTION

Several emerging trends are driving the rapid uptake of video conferencing and online meetings.

Exhibit 1: Top Five Trends in Video Conferencing

User Experience	The biggest market disruptor today is the user experience itself. A strong emphasis on product design and usability sets a compelling growth track for technology adoption. Growing simplicity and usability of current video conferencing solutions is driving unprecedented adoption.
Mobility	Enabling mobile collaboration is becoming a table stake for businesses of all sizes. More collaboration apps are being designed from the ground up as mobile first. Mobile-first applications treat mobile use cases as a priority rather than an afterthought. Mobile-first services have more elegant and intuitive user interface and take greater advantage of the unique properties of smartphones and tablets.
Converged Communications	The move from audio-only meetings to rich web and video conferencing is providing an impetus to growth. Users want a single license, a single invite, a single entry point, and a unified meeting experience.
Workflow Integration	Users want to live in the business applications they use to get the work done and not in the communications clients they use. Integrations of video and web conferencing with business apps, including line-of-business software and services, enhance the context within which information is shared, leading to better business outcomes and workflow enablement.
Simplification	As a result of the consumerization of IT, users are bringing to work their choice of devices and productivity applications. At the same time there is a growing need to simplify the collaboration experience with services and solutions that tie together multiple applications. As shown in a recent Frost & Sullivan survey (Exhibit 2), users are no longer settling for disconnected communications. The focus is clearly on supporting best of breed by making core communications platforms open to easy integrations.

Source: Frost & Sullivan

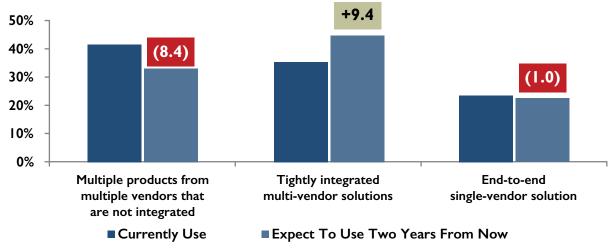


Exhibit 2: Communications Infrastructure, Current and Future: North America, Europe and Latin America, 2016

Source: Frost & Sullivan, N=406

# LEADING SOLUTIONS MAKE THEIR MARK

Just as technology trends have emerged at a fast pace, there have been equally significant shifts in the competitive landscape. A plethora of providers are now offering next-generation solutions to capitalize on the growing demand for video conferencing. As such, enterprises have more options than ever before when choosing technology and implementation models. However, many providers are offering cookie-cutter services that are not aligned with the complex communication needs of today's enterprises.

There are solution providers in the market that are clearly differentiated with cloud and managed services that are effectively delivering dramatic changes in cost savings, risk reduction, business agility, ease of use, and management. One such service provider that has seen rapid market momentum is AVI-SPL. AVI-SPL has been identified as a market leader for managed video conferencing services in the 2016 Frost & Sullivan report on the enterprise video conferencing market. With over 40 years of audio/video conferencing service expertise and 86% of Fortune 100 companies as its clients, AVI-SPL has completed more than 32,000 installations in 101 countries. The company has a dominant presence in the AV systems integration market, which it has successfully leveraged to extend the depth and scale of its offerings. AVI-SPL stands out in the enterprise collaboration market with a portfolio that is both broad and deep, addressing everything from small team collaboration to large-scale events.

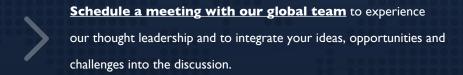
In the cloud and managed video conferencing services market, AVI-SPL offers:

- Comprehensive remote managed services, which offer around-the-clock monitoring of AV and video collaboration systems.
- Private hosting of infrastructure that is deployed in AVI-SPL's data centers with hardware, storage and network dedicated to a single company.
- On-premise deployment and management of customer's infrastructure, with the AVI-SPL team providing on-site systems management.
- End-to-end management of video conferencing, including call scheduling and launching, and an on-demand help desk that's available during video calls.
- A multi-tenant, OPEX-based cloud Virtual Meeting Room (VMR) service called Unify ME VMR.

AVI-SPL's Symphony Platform is its cornerstone technology that offers a range of value-add features and services, including monitoring and management, scheduling, actionable analytics on usage, signal quality, and meeting experience. The meeting experience includes a new QoE (Quality of Experience) measure, a rich admin dashboard for a global view of conferencing estate and its performance, and integration via APIs with other monitoring and scheduling applications like Crestron Fusion, which is currently under development.

AVI-SPL has seen significant market momentum. In 2015, it grew bookings by 20% and in 2016, it is seeing continued success with a heavy focus on providing reliable service, developing and acquiring talent, and evolving into the collaboration provider space. In the first six months of 2016, AVI-SPL's cloud-based services have grown by 112% year over year. The company has reached a fast-growing installed base of hundreds of enterprise customers that are using its cloud and managed video conferencing services across hi-tech conference rooms, desktops, personal devices, huddle rooms and flexible meeting spaces for a fluid collaborative experience. It is clear that AVI-SPL is pursuing all opportunities in the conferencing market. It continues to invest in next-generation platforms and services that form the foundation for its managed and cloud services business.

# NEXT STEPS (>)



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