

MEASURING THE TRUE BUSINESS  
BENEFITS OF WEB COLLABORATION

DEMYSTIFYING THE PRODUCTIVITY  
PARADOX



Sponsored By  
**WebEx Communications**  
October 2005

## TABLE OF CONTENTS

• EXECUTIVE OVERVIEW	3
• SITUATION ANALYSIS - COMMUNICATION CHALLENGES	4
• WEB COLLABORATION IMPROVES BUSINESS PROCESSES	5
• QUANTIFYING BUSINESS VALUE AND PRODUCTIVITY BENEFITS OF WEB COLLABORATION	6
<b>ROI Methodology</b>	7
<b>Sales ROI Case Study</b>	7
<i>Annual Travel Cost Savings</i>	9
<i>Benefits from Travel Time Savings</i>	9
<i>Increased Productivity Resulting From Greater Effectiveness</i>	10
<b>Training ROI Case Study</b>	11
<i>Annual Travel Cost Savings</i>	13
<i>Benefits from Travel Time Savings</i>	13
<i>Increased Productivity Resulting From Greater Effectiveness</i>	13
<b>Other ROI Case Studies</b>	14
<i>Customer Support Case Study</i>	14
<i>Product Development Case Study</i>	15
• CONCLUSIONS	16

## EXECUTIVE OVERVIEW

In today's business environment, equipping information workers with the right tools to do their jobs is a fundamental element for maintaining competitive advantage. Organizations are striving to achieve global connectivity in a dynamic environment where travel is becoming more difficult and expensive, employees are more dispersed, and business boundaries are constantly being extended. To harness the benefits of the new work order, organizations are looking to achieve true collaboration with customers, partners, suppliers and employees. Simply put, the mantra is to “improve productivity while lowering costs.” Web collaboration is becoming imperative in reaching this fundamental goal by offering “anytime anywhere” communications that impacts the bottom line and improves profitability.

Beyond the core benefits of travel cost and time savings are even more significant ways in which web collaboration is providing maximum value. In addition to the hard benefits, the consensus is that web collaboration delivers increased speed, reduced time to market and increased team productivity. However, valuing technology investments has confounded many organizations. Enterprises lack the tools and metrics needed to make informed business decisions on the value of collaboration technologies for information-worker productivity. This paper addresses the issue by measuring the cost savings as well as productivity benefits from investments in WebEx on-demand web collaboration solutions.

WebEx Communications is the market leader in offering on-demand web meetings that are enabling thousands of customers globally to achieve their business goals through improved collaboration. This paper examines the key communications challenges faced by organizations today and how web collaboration is delivering the right tools to help organizations meet their growth objectives. Additionally, this paper presents a comprehensive framework to analyze the cost savings, productivity gains, and total ROI seen by customers that are using WebEx for sales, training, customer support, and product development.

Web collaboration is becoming an imperative in reaching the fundamental goal of improving productivity while lowering costs by offering anytime anywhere communications that impacts the bottom line and improves profitability.

## **SITUATION ANALYSIS - COMMUNICATION CHALLENGES**

Now more than ever, a company's profitability and ability to compete in the market are determined by its judicious investment in technologies and productivity enhancing processes. An ever changing work order and the explosion of globalization has spawned significant communication challenges for businesses. IT departments and business heads are struggling with several interrelated communication challenges, such as the need to:

- Drive operational costs lower while increasing worker efficiency and productivity
- Allow remote, geographically dispersed, and mobile workers to function as cohesive, integrated teams by providing them with the tools, applications, and network resources they require for anytime anywhere access
- Shorten decision cycles and the time to market by providing access to timely data and applications that facilitate collaboration
- Build an infrastructure where workers can use IT resources to conduct ad hoc interactions with coworkers, partners, and customers in real time and across widely dispersed geographic regions
- Help enterprises realize the benefits of a fully-integrated, globally-dispersed work force and enable a truly Virtual Enterprise by offering reliable access to voice, video, and multi media applications
- Enable new business opportunities and drive competitive advantage by providing faster, more efficient response to customers
- Develop a set of metrics and industry benchmarks to enable companies to link business processes with the technology and services they use to connect increasingly dispersed workforce
- Choose standardized communication platforms that address the business needs of various departments within the organization
- Last but not the least, measure accurately the business value generated by IT investments so as to build a business case where the ROI is compelling and contributes to the bottom-line

## WEB COLLABORATION IMPROVES BUSINESS PROCESSES

It is apparent that business environments are becoming more complex and dynamic. As organizations adapt to changing conditions and competitive pressures, they have consistently looked for tools and technologies that can offer improvement in business processes - enhancing productivity and cost savings. Companies have made investments in automation system (SFA, CRM, ERP) and seen good returns. Investments in audio, video and web collaboration tools unlock further value as conferencing and collaboration accelerate every business process from engineering to sales.

Web collaboration offers the capability to meet with anyone, anywhere, anytime letting businesses share documents, presentations, and other applications over the web with rich interaction. Web collaboration solutions deliver a web-based, real-time, synchronous meeting environment that can be utilized for presentation and/or collaboration. Users can conduct slide presentations, collaboratively share applications and files, annotate documents, send text messages, have polls and surveys, and record and broadcast meetings. Web collaboration is enabling organizations to increasingly meet their business challenges in two ways - immediate cost and time savings generated from reduced travel and enhanced workforce productivity resulting from improved business processes and communications.

Organizations today are thriving in an age of information glut. Information or technology by itself does not provide a competitive advantage, but putting the technology to strategic use as an integral part of business processes does. Collaboration tools have become key enablers of a virtual workplace in which employees can quickly get information they need and ad hoc groups can set up meetings on the fly. Benefits of web collaboration are not just derived from being able to communicate instantly, but also from its true integration into the day-to-day enterprise workflow (back-end management systems, existing operating databases and enterprise applications). To be truly effective, however, web collaboration technologies must be capable of streamlining entire business processes in multiple functional areas, by facilitating the workflow that occurs before, during, and after online meetings or events.

WebEx provides a suite of on-demand web meeting applications that increase productivity and decrease costs across the enterprise. WebEx's process-specific applications are built on the company's MediaTone platform, and delivered over the WebEx MediaTone Network, a private global network designed for real-time IP communications. As shown in Chart 1.1, the WebEx suite of web meeting applications is designed to accelerate and support the entire business cycle, enabling real-time multimedia communications that drives general meetings, sales, marketing, training, product development, and customer support. Since WebEx offers an on-demand hosted service, it brings interactivity to online meetings with no investments or deployment costs for hardware or software.

The WebEx suite of web meeting applications is designed to accelerate and support the entire business cycle, enabling real-time multimedia communications that drives general meetings, sales, marketing, training, product development, and customer support.

**Chart 1.1: WebEx Meeting Applications Span Multiple Functional Areas**

Functional Area	Top Line Benefits Using WebEx Services
Collaboration	<ul style="list-style-type: none"> <li>• Rapid Decision Making</li> <li>• Easier Scheduling and Increased Access to Key Resources</li> <li>• Increased Interaction Amongst Geographically Dispersed Teams</li> <li>• Lesser Number of Follow-On Meetings Translates to Faster Turn Around Time For Projects.</li> </ul>
Sales	<ul style="list-style-type: none"> <li>• Reach More Geographically Dispersed Prospects</li> <li>• Increased Number of Calls Per Sales Rep</li> <li>• Eliminate Scheduling Delays and Travel Time</li> <li>• Increased and Rapid Access to Experts and Resources</li> <li>• Faster Responses to Inquiries</li> <li>• Cross Sell and Up Sell</li> </ul>
Marketing	<ul style="list-style-type: none"> <li>• Increased Contact with Customers, Analysts, and Prospects</li> <li>• Increased Frequency of Marketing, Promotional and Awareness Events</li> <li>• Interactive Web-based Communications Convert Inquiries to Leads</li> <li>• Reach Prospects Not Economically Reachable Prior to WebEx</li> </ul>
Training	<ul style="list-style-type: none"> <li>• Increased Number And Frequency of Training Programs</li> <li>• Increased Participation Due To Ease-of-Use</li> <li>• Reduced Content Preparation Time</li> <li>• Flexibility to Provide Granular and Targeted Training</li> </ul>
Customer Support	<ul style="list-style-type: none"> <li>• Increased Customer Satisfaction Due To Rapid Problem Resolution</li> <li>• Increased First Call Resolution and Customer Satisfaction</li> <li>• Reduced Call Handling Time</li> </ul>
Product Development	<ul style="list-style-type: none"> <li>• Shortened Product Design Cycles By Eliminating Scheduling Delays and Travel Time</li> <li>• Shortened Product Launch Cycles By Increased Access To Key Resources</li> <li>• Seamless Interaction With Partners, Customers, and Distributors</li> </ul>

**QUANTIFYING BUSINESS VALUE AND PRODUCTIVITY BENEFITS OF WEB COLLABORATION**

There is no question that collaborative technologies drive efficiency. While the value proposition is widely recognized, measuring the real impact of the technology on information worker productivity and ultimately the impact on profitability remains a key challenge. The challenge lies not in the benefits, but in the way they have been measured. Using a structured methodology to evaluate “hard” as well as “soft” returns from the investment in web collaboration enables organizations to quantify the impact that the solution will have on productivity. This ensures that any cost-benefit technology analysis accurately reflects not just travel cost savings but also impact on employee productivity.

To understand the true impact that WebEx is having on the bottom line profitability of its customers, Frost & Sullivan spoke to a number of enterprise customers in different industries that are using WebEx and selected a key customer to analyze in-depth their usage and benefits

from the use of the web collaboration. The WebEx customer evaluated is a division of a Fortune 500 global Information Technology and Communications company. The WebEx user markets products in the areas of computing, software, telecommunications, and electronic and microelectronic devices. The company uses WebEx in its sales and training functional areas. Key background information and usage metrics for the WebEx customer are shown in Chart 1.2.

**Chart 1.2: Sales and Training ROI Analysis: Background Information and Usage Metrics for WebEx Customer, 2004-2005**

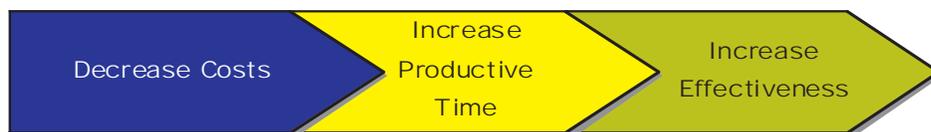
Background Information		
Annual Revenues	\$250,000,000	
Gross Margin	35%	
Number of Employees	250	
Hours worked/employee/year	2000	
Revenue/Employee/Year	\$1,000,000	
Revenue/Employee/Hour	\$500	
Usage Metrics	Sales	Training
Average Monthly WebEx Meetings/Host	1.4	7.5
Average Duration of a WebEx Meeting (minutes)	57	60
Average Meeting Size	3.6	6.5
% of Attendees that are External	48%	80%
% of Attendees that are Internal	52%	20%

**ROI Methodology**

The primary tool used by businesses to measure the value of technology acquisition is the Return on Investment or ROI. ROI estimates are much more valuable and beneficial when hard and soft benefits are captured in the calculations. Apart from the easily estimated travel cost savings, the WebEx customer benefited from increased productivity due to time savings as well as due to greater effectiveness of the web collaboration technology itself both in sales as well as training.

To begin to quantify the returns that the company has seen from using WebEx solutions, we looked at three levels of benefits shown in Chart 1.3.

**Chart 1.3: Key Benefits of Using Web collaboration**



**Sales ROI Case Study**

Chart 1.4 shows the ROI measurement from the use of WebEx in the sales department of the Fortune 500 Information Technology and Communications company that was evaluated. The ROI calculations are based on the background information and usage metrics shown in Chart 1.2.

The Fortune 500 global Information Technology and Communications Company has been using WebEx for over two years now. The annual WebEx investment paid for itself in three months for the sales department and in four months for the training department, after which the significant savings were pure value.

**Chart 1.4: Sales Case Study: ROI Analysis, 2004-2005**

	Distance	
	Travel	Local Travel
A. Annual Travel Cost Savings		
% of Internal Attendees Avoiding Travel	17%	20%
Average Non Productive Travel Time Per Trip (hours)	5	2
Average Travel Expense Per Trip	\$970	\$43
Number of Trips Avoided Annually	53.5	62.9
Travel Time Savings (hrs)	267.3	125.8
A. Annual Travel Cost Savings	\$51,860	\$2,705
<b>B. Benefits from Travel Time Savings</b>		
Total Annual Travel Time Saved (hours)	393	
<b>i) Travel Time Savings Applied Toward Staff Reduction</b>	<b>25%</b>	
Average Annual Burdened Cost Per Full Time Sales Rep	\$80,000	
Annual Burdened Cost Per hour per Full Time Sales Rep	\$40	
Total Annual Labor Cost Savings	\$3,931	
<b>ii) Travel time Savings Applied Toward Productivity</b>	<b>75%</b>	
Number of Hours Saved in Travel applied to Productivity	295	
Average Revenue per Sales Rep per Year	\$500,000	
Revenue per Sales Rep per Hour based on 2000 Work Hrs/yr	\$250	
Total Potential Incremental Revenue	\$73,710	
Productivity Correction Factor	0.7	
Gross Margin	35%	
Annual Productivity Benefit from Travel Time Savings	\$18,059	
<b>B. Total Annual Benefits from Travel Time Savings (i)+(ii)</b>	<b>\$21,990</b>	
<b>C. Increased Productivity Resulting from Greater Effectiveness</b>		
Increased Productivity per Rep	10%	
Average Revenue per Sales Rep per Year	\$500,000	
Incremental Revenue Gain per Rep per Year with WebEx	\$50,000	
Total Revenue Impact for 10 sales reps	\$500,000	
Gross Margin	35%	
Productivity Correction Factor	0.5	
<b>C. Total Productivity benefits from greater effectiveness</b>	<b>\$87,500</b>	
<b>Summary of Annual Benefits</b>		
Travel Cost Savings (A)	\$54,565	
Benefits from Increased Productivity and Labor Cost Savings (B+C)	\$109,490	
<b>Total Annual Benefits (A+B+C)</b>	<b>\$164,055</b>	
<b>Investment in WebEx Services</b>		
One Time Set Up Fee	\$5,000	
Annual Subscription fee (10 ports @ 200/port/month)	\$24,000	
<b>Total Costs</b>	<b>\$29,000</b>	
<b>ROI (Net benefit/total costs)</b>		
ROI from Travel Cost Savings	88.2%	
ROI from Increased Productivity/ Labor Cost Savings	277.6%	
<b>Total ROI</b>	<b>465.7%</b>	
<b>Payback Period in Months</b>	<b>2.1</b>	

**Note :** The information provided in this chart is based in part on the estimates received from the WebEx customer as well as on assumptions made to reach a structured ROI estimate.

**Footnotes::**

*Annual Travel Cost Savings* = (Cost Savings from Internal Attendees Avoiding Distance Travel + Cost Savings from Internal Attendees Avoiding Local Travel)

*Benefits from Travel Time Savings* = (Travel Time Savings Applied Towards Reduction in + Travel Time Savings Applied Toward Productivity)

*Travel Time Savings Applied Towards Reduction in Labor/Staff* = (Total Number of Hours Saved % of Hours Allocated to Travel Time Savings Towards Reduction in Labor/Staff\* Fully Burdened Cost Per Full Time Employee per Hour)

*Fully burdened cost* per full time employee includes salary compensation and cost of all employee benefits

*Annual Travel Time Savings Applied Towards Productivity* = Total Revenue Impact for 10 sales rep \*Gross Margin\* Process Productivity Adjustment

*Increased Productivity from Greater Effectiveness* = Total Revenue Impact for 10 sales reps\* Gross Margin\* Correction Factor

*ROI* = ((Travel Cost Savings + Productivity Benefits from Travel Time Savings + Productivity Benefits from Increased Effectiveness) - Investment in WebEx Services)/ Investment in WebEx Services

### *Annual Travel Cost Savings*

Travel cost savings are arrived by estimating the time and cost saved from both from distance travel as well as local travel. The measurement takes into account the number of sales staff (sales reps as well as sales team leaders) that are engaged in local or long distance travel, the number of local or long distance trips that were avoided, and the average expense per trip. Distance travel costs include round trip airfare, hotel accommodation, rental car, meals, and other miscellaneous expenses for an average trip that lasts three days and two nights. Local travel accounts for the distance traveled in the day for business purposes, the vehicle mileage cost, and expenses such as food. A typical local trip lasts one day.

### *Benefits from Travel Time Savings*

As shown in Chart 1.5, the travel time savings were put to benefit by the WebEx customer in two ways. It was applied to increase the productivity of each sales employee as well as selectively reduce head count of support staff in the sales department.

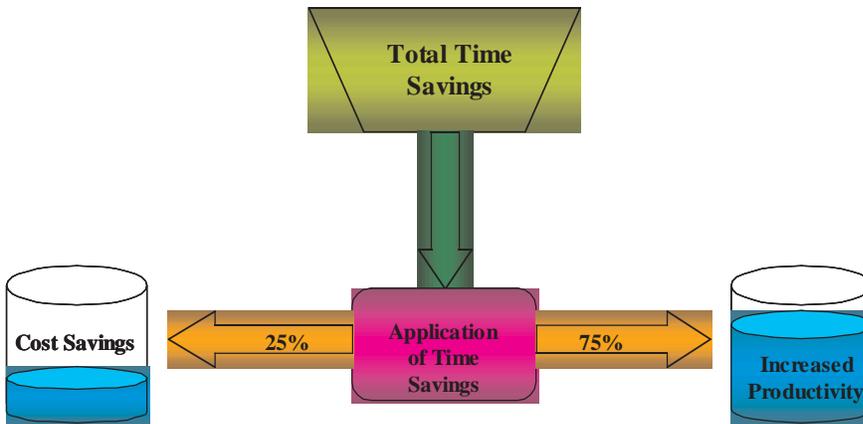
Labor cost savings result from the fact that with the web collaboration solution, fewer employees are needed to accomplish the same amount of work. Thus, an organization can reduce labor costs while maintaining the same amount of activity. While savings in travel time resulted in some staff reduction, a bigger impact was observed on productivity and effectiveness of sales processes. Additional time available to the sales staff was translated into not only increasing the efficiency by making more sales calls and presentations every day but also focusing on delivering more effective and targeted messages to capture their customers' attention.

It is important to note that time savings from implementation of new technologies do not always translate into a proportionate increase in productivity. The human behavior factors result in an inefficient transfer of time phenomenon in which travel time saved by employees does not necessarily amount to an equal increase in time worked. As a result, a "Productivity Correction Factor" has been used for adjustment in the impact on productivity.

The Productivity Correction Factor is a number less than 1 and more than 0 that is used to correct the estimate of increase in productivity resulting from time saved to account for the inefficient transfer of time. Multiplying the time saved with the correction factor enables us to quantify the actual returns from increased productivity to the WebEx customer. It must be noted that the Productivity Correction Factor is often higher for business areas such as sales since the employees are highly commissioned and motivated to use saved time for additional work. The Productivity Correction Factor used in evaluating the sales department of this company is 0.7. In other words, for every 1 hour of time saved, 70 percent or 42 minutes was utilized in a productive manner by the sales staff.

Additional time available to the sales staff was translated into not only increasing the efficiency by making more sales calls and presentations every day but also focusing on delivering more effective and targeted messages to capture their customers' attention.

**Chart 1.5: Application of Time Savings**



*Increased Productivity Resulting From Greater Effectiveness*

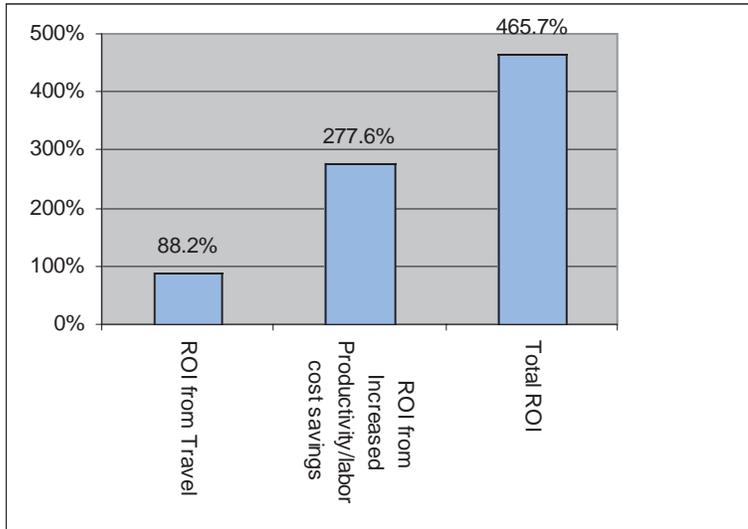
In addition to increased productivity resulting from the time saved by using WebEx, the Fortune 500 company saw an impact on the overall effectiveness of the underlying sales processes as a result of using WebEx. The use of WebEx solution enables the sales staff to:

- Reach more prospects - eliminate geographical constraints, more calls per day, new segments
- Shorten sales cycle - eliminate scheduling delays, travel time, faster lead qualifications and response to inquiries, engage experts and resources more quickly
- Increase Close Rate- respond faster than competitors, increased training and co-ordination, increased access to resources and experts

By engaging its clients better and responding to customer inquiries faster, the WebEx customer saw a significant increase in productivity. The actual gains in productivity are again adjusted using the “Productivity Correction Factor” of 0.5 to provide for learning curve issues and inefficient use of the technology. Though the web collaboration application will enable employees to be more productive, the WebEx customer is not expected to realize the full potential of the impact of the technology in the early phases of technology adoption. This correction factor is expected to increase with time as the solution is used more and more and the sales staff can realize the comprehensive benefits from the technology.

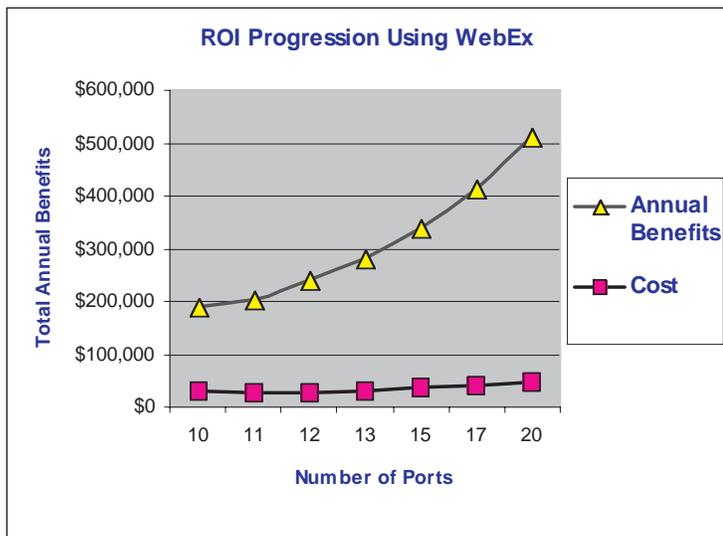
As shown in Chart 1.6, the WebEx customer experienced a 466 percent ROI in the first year of WebEx implementation. Of the total dollar value of benefits, approximately 67 percent of the benefits came from the productivity impact of WebEx.

**Chart 1.6: Sales Case Study: ROI from Cost Savings and Increased Productivity**



The WebEx customer can be classified as an early adopter of technology and is currently a moderate user of web collaboration. The technology's impact is expected to be grow significantly as WebEx usage expands within the sales department (Chart 1.7).

**Chart 1.7: Sales Case Study: ROI Progression Using WebEx**



Using WebEx, the customer experienced a 466 percent ROI in the first year. The customer's ROI from increased productivity is twice as much as the ROI from travel cost savings.

**Training ROI Case Study**

Chart 1.8 shows the ROI measurement from the use of WebEx in the training department of the Fortune 500 global Information Technology and Communications company. The ROI calculations are based on the background information and usage metrics shown in Chart 1.2. The WebEx customer is using web collaboration for training internal employees as well as for external training given to their retail clients on how to maximize the use of their products in the clients' specific environment.

**Chart I.8: Training Case Study: ROI Analysis, 2004-2005**

	Distance	
	Travel	Local Travel
<b>A. Annual Travel Cost Savings</b>		
% of Internal Attendees Avoiding Travel	20%	40%
Average Non Productive Travel Time Per Trip (hours)	5	2
Average Travel Expense Per Trip	\$970	\$43
Number of Trips Avoided Annually	48.0	96.0
Travel Time Savings (hrs)	240.0	192.0
<b>A. Annual Travel Cost Savings</b>	<b>\$46,560</b>	<b>\$4,128</b>
Total Annual travel time saved (hrs)	432	
<b>B. Benefits from Travel Time Savings Applied Toward Productivity</b>	<b>Trainers</b>	<b>Internal Learners</b>
Number of hours saved in travel that can be applied to productivity	43	389
Average Revenue per Employee per Year	\$150,000	\$1,000,000
Revenue per employee per Hour based on 2000 work hrs in a year	\$75	\$500
Total Potential Incremental Revenue from Travel Time Savings Applied Toward Productivity	\$3,240	\$194,400
Productivity Correction Factor	0.6	0.6
Gross Margin	35%	35%
Annual productivity benefit from travel time savings	\$680	\$40,824
<b>B. Total Annual Benefits from Travel Time Savings</b>	<b>\$680</b>	<b>\$40,824</b>
<b>C. Increased Productivity Resulting from Greater Effectiveness</b>	<b>Trainers</b>	<b>Internal Learners</b>
Increased Productivity	8%	5%
Average Revenue per Year	\$150,000	\$1,000,000
Incremental Revenue Gain per year with WebEx	\$12,000	\$50,000
Total Number of employees Impacted per year	2	5
Total Revenue Impact	\$24,000	\$250,000
Gross Margin	35%	35%
Productivity Correction Factor	0.5	0.5
<b>C. Total Productivity benefits from greater effectiveness</b>	<b>\$4,200</b>	<b>\$43,750</b>
<b>Summary of Annual Benefits</b>		
Travel Cost Savings (A)	\$50,688	
Benefits from Increased Productivity (B+C)	\$89,454	
Grand Total Savings (A+B+C)	\$140,142	
<b>Investment in WebEx Services</b>		
One Time Set Up Fee	\$5,000	
Annual Subscription Fee (15 ports @ 200/port/month)	\$36,000	
Other Charges	\$720	
<b>Total Costs</b>	<b>\$41,720</b>	
<b>ROI (Net benefit/total costs)</b>		
ROI from Travel Cost Savings	215%	
ROI from Increased Productivity	114.4%	
<b>Total ROI</b>	<b>235.9%</b>	
<b>Payback Period in Months</b>	<b>3.6</b>	

**Note:** The information provided in this chart is based in part on the estimates received from the WebEx customer as well as assumptions made to reach a structured ROI estimate.

**Footnotes:**

*Annual Travel Cost Savings* = (Cost Savings from Internal Attendees Avoiding Distance Travel + Cost Savings from Internal Attendees Avoiding Local Travel)

*Fully burdened cost* per full time employee includes salary compensation and cost of all employee benefits

*Annual Travel Time Savings Applied Towards Productivity* = (Total Number of Hours Saved\* Average Revenue per Employee per Hour\*% of Hours Allocated to Travel Time Savings Applied Towards Productivity \* Gross Margin\* Process Productivity Adjustment)

*Increased Productivity from Greater Effectiveness* = (Average Revenue Contribution per Employee Per year\* Percentage Increase in Productivity Gain\* Number of employees accounted for\* Gross Margin\* Correction Factor)

*ROI* = ((Travel Cost Savings + Productivity Benefits from Travel Time Savings + Productivity Benefits from Increased Effectiveness) - Investment in WebEx Services) / Investment in WebEx Services

### *Annual Travel Cost Savings*

Travel cost savings take into account the number of trainers as well as internal learners that are engaged in local or long distance travel, the number of local or long distance trips that were avoided, and the average expense per trip. Distance travel costs include round trip airfare, hotel accommodation, rental car, meals, and other miscellaneous expenses for an average trip that lasts three days and two nights. Local travel accounts for the distance traveled in the day for business purposes, the vehicle mileage cost, and expenses such as food. A typical local trip lasts one day.

### *Benefits from Travel Time Savings*

The travel time savings were put to benefit by the training department to increase the productivity of each trainer as well as internal learner. Savings in travel time resulted in a higher number of training sessions, development of more targeted and effective training content, and increased attendance and reach of online training. Similar to the sales case study discussed above, the time savings from implementation of WebEx do not translate into a proportionate increase in productivity. Adjusting the returns using a “Productivity Correction Factor” of 0.6 accounts for the inefficient transfer of time. Multiplying the time saved with the correction factor enables us to quantify the actual returns from increased productivity to the training department.

### *Increased Productivity Resulting From Greater Effectiveness*

In addition to increased productivity resulting from the time saved by using WebEx, the training department saw an impact on the overlying effectiveness of the underlying business process. The use of WebEx solution enables the trainers to:

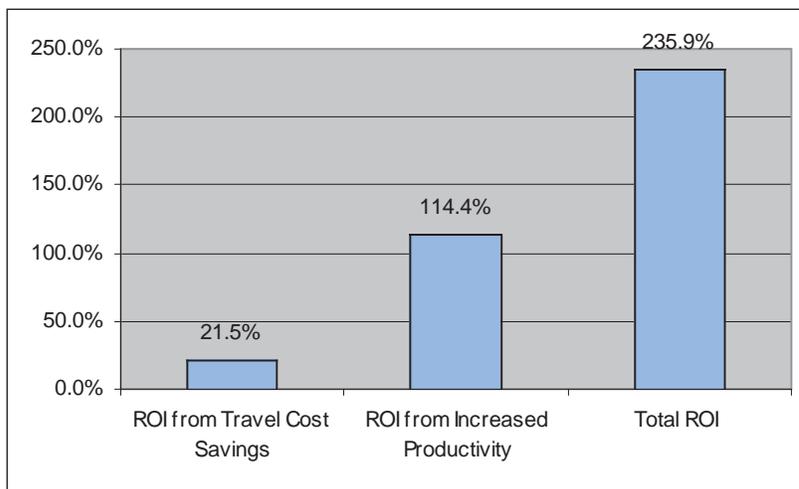
- Train more frequently – economically deliver more programs, increase participation through ease of use and convenience, provide proactive training, deliver new updated training
- Train more effectively – provide more granular and targeted training, reduce cycle time for creation and delivery of training
- Extend the reach of training – train audiences not economically reachable before, eliminate time and geographic constraints, increase the capacity of trainers to deliver more programs

The actual gains in productivity are adjusted using the “Productivity Correction Factor” to provide for learning curve issues and inefficient use of the technology. Though the web collaboration application will enable trainers as well as internal employees to be more productive, the training department is not expected to realize the full potential of the impact of the technology in the early phases of technology adoption. This correction factor is expected to increase with time as the solution is used more and more and the trainers as well as employees see the full benefits from the technology.

As shown in Chart 1.9, the training department saw a 236 percent ROI in the first year of WebEx implementation. Of the total dollar value of benefits, approximately 64 percent of the benefits came from the productivity impact of WebEx. The WebEx customer is expected to see accelerated benefits, as the solution gets more widely deployed within the training department.

The use of WebEx solution enabled the trainers to train more frequently, train more effectively, and extend the reach of training.

**Chart 1.9: Training Case Study: ROI from Cost Savings and Increased Productivity**



### **Other ROI Case Studies**

In addition to the Fortune 500 company discussed above, this paper evaluates two other customers to understand WebEx implementation for Customer Support and Product Development.

#### *Customer Support Case Study*

A global provider of business software solution uses WebEx Support Center in its technical customer service group. With more than 2,200 customers globally, the WebEx customer offers solutions that include enterprise performance management, distribution, financials, human resources, procurement, retail operations, and service process optimization.

The company found it challenging to provide timely and adequate technical support to its customer base. The process in place was time consuming and inefficient. The vendor's customer service process required agents to connect to the customer's desktop and gain access to the computer in order to recreate and solve the problem. Previously consultants used to dial-in to the customer's desktop but this process proved to be slow and inefficient.

The company was looking for a solution that would enable its first line consultants to take control of a customer's desktop seamlessly and solve the problem in a hassle free manner, while ensuring that the process is rapid. The company also placed emphasis on the integration of the web collaboration solution with its existing support processes and its tool set. The company chose WebEx Support Center to solve its Support Center problems. WebEx Support Center helps the customer support consultants to bring in other key experts into the session during a call. It also helps them provide "assisted sessions", wherein the customer can provide desktop control to the consultants and take it back any time to troubleshoot.

The WebEx customer estimates that it receives an average of 12,000 support calls per month with an average case time of approximately 2 hours. The customer uses WebEx Support Center on approximately 10% of their cases and saves 32 minutes per case on those cases. The time savings were used to increase throughput in terms of number of cases solved. Using WebEx Support Center, the company increased call resolution for complex support cases from approximately 45 percent to 53 percent in the first call itself. The company estimates a 937 percent ROI from its WebEx investment, based on higher productivity and faster call resolution by its customer support consultants.

The company also utilizes WebEx Support Center to enable its customers to be self sufficient in diagnosing and troubleshooting issues. This has led to increased customer satisfaction. The WebEx customer increased overall satisfaction with support to 93 percent, up from 90 percent previously.

#### *Product Development Case Study*

A leading global manufacturer of tobacco and food products uses WebEx services to enhance its product development process. The manufacturer has in place a formal approval process for ensuring changes to an existing manufacturing process need to be signed off by all concerned staff. The process used to be lengthy as the document passed through a sequential process of approval. The process in place was inefficient in terms of the total time spent on approving the change, which ultimately resulted in a decision making cycle which averaged as much as six months. The company needed a communications tool that would reduce the time to market.

Since implementing WebEx for its communication needs, the manufacturer has been able to reduce the approval process down to an average of ten days. This marks a significant improvement of approximately 94 percent in the decision making process. The process related to change approval is now done collaboratively by “teams” rather than sequentially by individual staff members. The faster decision cycle has resulted in substantial reduction in time to market giving the company a competitive advantage. Additionally, since the total time spent on the approval process went down by approximately 30 hours per person involved in the approval process, the company is also experiencing a more efficient use of the time for enhancing productivity.

Using WebEx Support Center, the company increased call resolution for complex support cases from approximately 45 percent to 53 percent in the first call itself.

## CONCLUSIONS

Productivity is a key reason for deploying new technology today. To accurately measure the productivity-based returns from a technology requires a structured approach. The customer examples evaluated in this paper corroborate the case for WebEx implementation. While the ROI analysis provided in this paper does not yield all the definitive answers, it clearly illustrates the benefits of web collaboration allowing businesses to focus on sustainable technology investment strategies. Working through the analysis, many organizations will discover that the real value of web collaboration lies in its ability to enhance the value of business processes.

Key value proposition offered by WebEx includes:

- Business Process Centric Applications – WebEx offers customized collaboration solutions for different business processes addressing the specific challenges and opportunities within each functional area of an organization
- Ease of Use – offering on-demand hosted web meetings, WebEx delivers easy implementation and management and requires low investment offering faster ROI
- Scalability - WebEx MediaTone network is an IP-based network that is scalable to thousands of concurrent users. On an average, WebEx's MediaTone servers run at 50 percent capacity to account for unforeseen peaks in usage.
- Security - WebEx offers 128-bit SSL and AES encryption to ensure privacy and security of online meetings. Because of the architecture of its MediaTone Network, WebEx meeting content is not stored on a central server, making it available only to the meeting attendees and only at the time of the meeting. WebEx has earned WebTrust, SAS70, and FDA 21 CFR Part 11 certifications, ensuring the highest levels of security.
- Flexibility - Integrated web, audio and desktop video offer interactive sessions. WebEx provides its own audio conferencing service that is tightly integrated with online meetings. It also offers customers the flexibility to choose their own audio conferencing provider.

While the ROI analysis will change for each industry and functional area within the organization, businesses that implement WebEx will likely see significant impact on cost reduction, enhanced effectiveness in communications, increased productivity, and a positive impact on profitability.

**P: 877.GoFrost**  
**E: myfrost@frost.com**  
**W: www.frost.com**

## CONTACT US

Bangalore

Beijing

Buenos Aires

Cape Town

Chennai

Delhi

Dubai

Frankfurt

Kuala Lumpur

London

Mexico City

Mumbai

New York

Oxford

Palo Alto

Paris

San Antonio

Sao Paulo

Seoul

Shanghai

Singapore

Sydney

Tokyo

Toronto

*This paper is authored by Frost & Sullivan and sponsored by WebEx.*

*For more information on other Frost & Sullivan research on Information and Communications Technologies markets, please contact:*

*Brian Cotton*  
*Vice President - Consulting*  
*bcotton@frost.com*  
*Tel: +1 416.490.0983*

*James Brehm*  
*Director of Business Development*  
*jbrehm@frost.com*  
*Tel: + 1 210.247.3868*

### **ABOUT FROST & SULLIVAN**

Frost & Sullivan, a global growth consulting company, has been partnering with clients to support the development of innovative strategies for more than 40 years. The company's industry expertise integrates growth consulting, growth partnership services and corporate management training to identify and develop opportunities. Frost & Sullivan serves an extensive clientele that includes Global 1000 companies, emerging companies, and the investment community, by providing comprehensive industry coverage that reflects a unique global perspective and combines ongoing analysis of markets, technologies, econometrics, and demographics. For more information, visit <http://www.frost.com>.