

Leading Service Provider and Cisco IBSG Partner To “Make the Market” for Managed Telepresence Services

Executive Summary

CUSTOMER

Large, global service provider

INDUSTRY

Service Provider

CHALLENGES

- SP looking to grow revenues and profits, but management did not view managed telepresence services as a viable new market

SOLUTIONS

- Cisco® TelePresence®¹ as managed services offering

RESULTS

- SP successfully positioned as the leading provider of B2B managed Cisco TelePresence services worldwide, and is on track to generate \$150 million to \$240 million in contract value

Background

The customer is one of the world's largest telecommunications companies and recognized as a leading provider of IP-based worldwide communications services. Serving thousands of business customers globally, the company is among the world's largest providers of local and long-distance telephone and wireless services. The firm can also boast of being one of the world's top Wi-Fi network and high-speed Internet access providers.

The SP offered video-conferencing services to its customers, but this was not a large market for the company. The firm's executives were aware of an emerging category called "immersive video conferencing," also known as telepresence. As the company was seeking new platforms for generating profitable revenues, the top management team was interested in this emerging technology, but skeptical that the technology was ready for a market rollout, or that enterprise customers would adopt telepresence in sufficient numbers to make a market for telepresence managed services. The SP called in the Cisco Internet Business Solutions Group (IBSG)—a longtime trusted adviser—to help with market analysis and to assess market demand and revenue potential.

Challenges

In approaching a new category of services, Cisco IBSG needed to answer a number of questions before any plan of action could be created:

- How large was the potential market for Cisco TelePresence?
- Which industry sectors and types of companies would be most interested in using TelePresence, and why?
- If the market size justified moving into immersive video conferencing, what would be the most profitable means of offering it?

Cisco TelePresence provides an immersive, "in-person" experience that facilitates collaboration over the network with colleagues, customers, and partners, even when they are in different locations around the world. Users typically characterize the experience as comparable to an in-person meeting.



Cisco Internet Business Solutions Group (IBSG)

Solutions

Cisco IBSG assessed the market opportunity for Cisco TelePresence, identifying and quantifying a global market that represented more than US\$3 billion annually in products and services by 2011, emphasizing the \$1 billion to \$1.8 billion SP-specific pull-through services that a global SP can influence. IBSG also determined that offering TelePresence as a managed service would drive the highest adoption, and thus yield revenue and margin potential to the company.

Cisco IBSG analyzed vertical market segments and their suitability for Cisco TelePresence as a managed service. For four of these vertical industries—retail, healthcare, high-tech manufacturing, and government—detailed engagements were conducted to develop vertical-specific value propositions, economic models, and use cases. Additionally, Cisco IBSG identified target customers based on revenue potential and the incumbency of Cisco and the SP, and performed competitive analysis leading to the go-to-market pricing for the managed service.

Cisco IBSG was able to show that enterprises in the verticals identified as most likely to be interested in Cisco TelePresence managed services were well aware of its potential benefits. These firms intended to use TelePresence as a substitute for expensive, time-consuming business travel. They also understood that collaboration and communications were enhanced by the near-in-person experience of Cisco TelePresence in a way that could not be matched by conventional video conferencing. Because TelePresence can be used cost-effectively for a variety of purposes—from standard business meetings to extensive workgroup meetings over long periods of time—its flexibility and cost advantages (compared to other means) allow customers to accelerate process cycle time, improve employee efficiency, and save money. Enterprises also recognized Cisco TelePresence's favorable impact on carbon footprint through significant reduction in business travel.

Based on this compelling analysis and business case, the SP customer management team made the decision to launch a Cisco TelePresence managed services offering to its enterprise customers.

Cisco IBSG supported the TelePresence Exchange Business Unit (TXBU) and the account team in defining the agreement and establishing the business model by which the SP and Cisco can deliver a compelling, end-to-end managed-services suite to the market.

Results

Today, the SP customer is one of the top providers of global managed TelePresence services, and is on track to generate \$150 million to \$240 million in contract value based on estimates of revenues from managed Cisco TelePresence units sold in a given year.

"The TelePresence solution is the latest example of how we're helping enterprises to improve 'business velocity' by enabling them to move quicker and make better business decisions."

Group President,
Service Provider

Next Steps

The customer has made a major commitment to Cisco TelePresence to further develop the SP's reputation with global enterprise customers, helping these customers transform business processes and improve business velocity through TelePresence.

Cisco and the SP have signed an agreement that offers a unique value proposition to enterprises. This agreement includes an innovative go-to-market approach involving vertical-specific TelePresence value propositions for targeted vertical industries, and an "anchor account" concept for driving Cisco TelePresence B2B interconnection between vertical communities of interest and supply chains. This is the first time in Cisco's history that it has entered into an agreement with any company to create a market.

Together, the SP customer and Cisco "made the market" for enterprise TelePresence services on a global basis.

More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology, Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>.



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