Selling TelePresence to Businesses: Sell High

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The Perceived Value of TelePresence Varies By Role in Organization

IBSG's Economics and Research Practice recently conducted primary research to understand the value that different types of business decision makers place on TelePresence for their organizations. The findings of the study suggest that "selling high", both from a departmental size perspective and a seniority perspective, is the best strategy for positioning TelePresence to those who find it most compelling.

Primary Research Survey Approach and Methodology

In the survey, we asked 1,134 senior business decision makers from across the United States about the attractiveness of TelePresence for their organizations. Respondents, drawn from a mix of different company sizes, departmental sizes, and levels of seniority, were presented with text, picture, and video descriptions of the use of TelePresence in a variety of business settings. (Figure 1) In addition, they were presented with a variety of use cases for TelePresence, including uses such as customer service, executive meetings, collaboration with supply chain partners, product development collaboration, and tele-working.

Figure 1. Examples of Business TelePresence Pictures from IBSG Primary Research Study

Source: Cisco

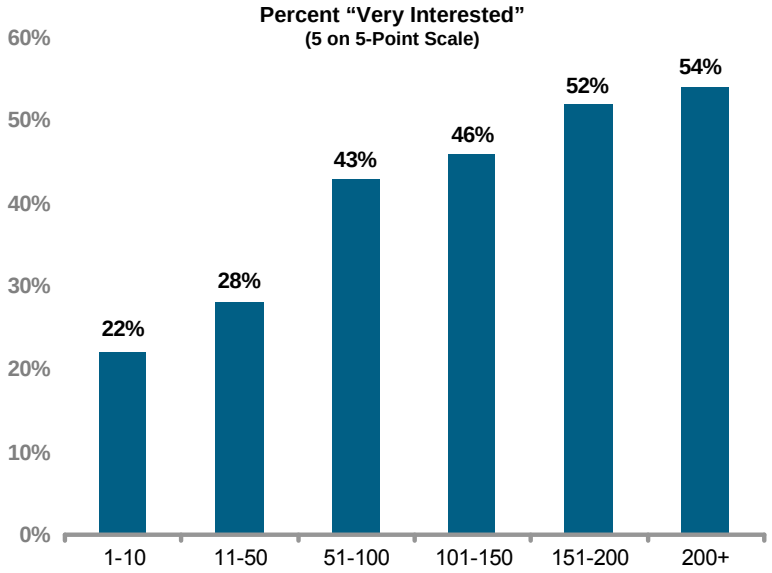
The respondents were subsequently asked to provide their answer to the question: How interesting do you think TelePresence is for your organization?

The answers to this question yielded insights into how interest in TelePresence varies by the size of the respondent's department and by their level of seniority within the organization.

TelePresence Relevance Increases with the Size of the Organization

Our research findings show that interest in TelePresence increases with the size of the department in which the respondent works.

Figure 2. Attractiveness to Respondents of TelePresence by Size of their Department within Their Company



Source: IBSG Research & Analysis, TelePresence Office of Strategy & Planning
N = 1,134 business decision makers

Source: Cisco IBSG Economics & Research, 2009

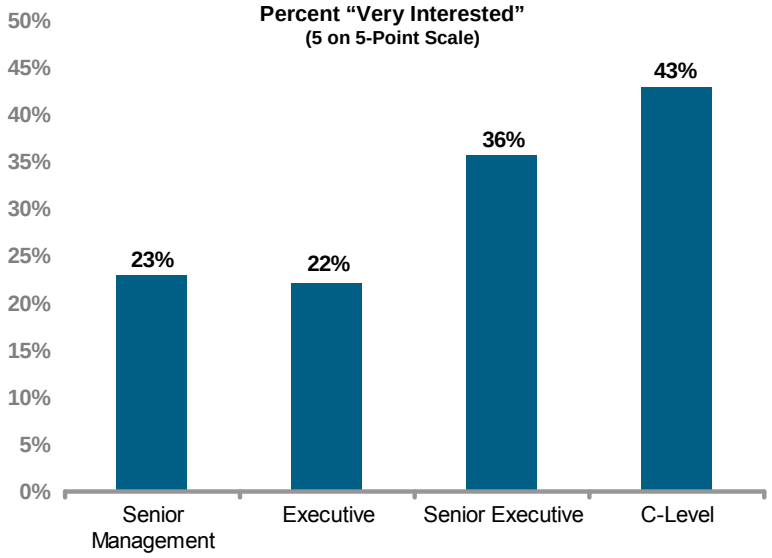
While 54 percent of respondents from large departments (200 or more employees) thought that TelePresence would be "very interesting" for their organizations, only 22 percent of respondents from small departments (1 to 10 employees) expressed the same level of interest.

There are several possible explanations for this relationship between interest level and department size. First, the high degree of collaboration among co-workers that is presumably required within larger departments may make TelePresence more relevant and interesting to business decision makers from larger departments. Second, respondents who are a part of large departments may be more likely to work for larger companies, where inter-departmental collaboration would make TelePresence more useful.

TelePresence Relevance Increases with the Seniority of the Audience

Figure 3 shows that interest in TelePresence increases with the seniority of the respondents. Forty-three percent of C-level respondents found TelePresence very interesting for their organizations, while only 23% of Senior Managers found TelePresence very interesting.

Figure 3. Attractiveness to Respondents of TelePresence by Level of Seniority within Their Company



Source: IBSG Research & Analysis, TelePresence Office of Strategy & Planning
N = 994 business decision makers

Source: Cisco IBSG Economics & Research, 2009

Feedback from the primary research study indicated that C-Level business decision makers would be more likely to use TelePresence for travel avoidance for important meetings, such as board meetings. Respondents expressed enthusiasm at the possibility of travel avoidance for C-Level executives through TelePresence, and were confident that this would result in positive return-on-investment (ROI), given the value of executives' time. In contrast, respondents tended to view TelePresence use by Senior Managers as a tool for improving operational performance in specific business process areas, such as design collaboration or supply chain management. The respondents were less certain of rapid positive ROI for these applications.

TelePresence Price Sensitivity

Additional research conducted with a panel of senior business decision makers showed that price sensitivity to TelePresence was also strongly related to the segment and size of the organization, as well as the seniority of the audience. Consideration for IT budget restrictions appeared greater for small and medium business executives, and for more junior decision makers.

Further analysis of the survey results, along with discussions with panel participants, suggests the following reasons for this price sensitivity:

- Larger organizations are more geographically diverse, and their employees have the experience of internal collaboration across functions. They have a better understanding of the remote collaboration benefits from travel reduction, productivity and speed brought by TelePresence.
- Senior, C-level executive respondents quickly identify the business value and transformation opportunities that come with TelePresence, whereas managers with budget responsibilities are more likely to consider the funding challenges associated

with TelePresence. Thus, selling TelePresence will require the sponsorship of the senior decision makers who fully size its value impact on their business.

Conclusion

The findings from the primary research indicate that those business decision makers in larger departments and those that are more senior within their organizations have a higher level of interest in TelePresence, and a lower price sensitivity. When it comes to TelePresence, the strategy of "selling high" is most likely to lead to the audience that is most receptive to using TelePresence in their organization. This is especially true as long as TelePresence primarily remains positioned as a tool to facilitate travel avoidance and increase productivity for a company's senior-most executives. Securing the support of the more senior, executive audience and leading with the business value discussion is likely to be a more successful sales approach than starting with the IT budget negotiation.

As the price point of TelePresence decreases and as it becomes integrated into specific business process areas, the value proposition of TelePresence will evolve and the ideal target audience may expand into smaller departments and to more junior-level decision makers.