

***The Vital Role of
Web Conferencing in
Small & Medium Enterprises***

***Users Reveal Key Applications
and Their Value***



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Contents

Executive Summary	1
Introduction: Web Conferencing & SME's	2
Methodology and Survey Sample	2
I. What is the current state of Web Conferencing in SME's?	3
II. Which applications are important to SME's? What value is derived?	4
III. What should be considered when choosing a web conferencing system?	6
IV. Has Web Conferencing become essential to SME's?	8
Closing Thoughts	9
Appendix: Selected Survey Demographics	10
About the Authors	11
About Wainhouse Research.....	11
About Citrix.....	11

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Executive Summary

Web conferencing as a general-purpose business tool has undergone tremendous growth in adoption and usage over the past few years. While many think of web conferencing as a large enterprise application, in fact it has shown remarkable attractiveness to Small to Medium Enterprise (SME) users as well. Citrix Online, a leading player in web conferencing services with a particularly strong presence among Small to Medium Enterprise (SME) users, asked Wainhouse Research to conduct an independent web survey to a portion of the Citrix GoToMeeting Corporate customer base. The goal was to identify which applications and underlying motivating factors are driving SME's to use web conferencing, what SME users think about the results they have achieved, and whether the technology has become essential for conducting business. We received 1,562 valid responses, which provided us with an ample opportunity to not only achieve the research goals, but also contrast the results between SME and large enterprise populations. Highlights from the survey results follow in this Citrix Online - sponsored white paper.

While there are some similarities in the applications and motivation for using web conferencing between organizations of all sizes, this survey reveals there are also some key differences. Specifically, SME's have embraced web conferencing for their own set of reasons, most likely driven by their unique set of circumstances – the need to achieve bottom-line results while relying on a minimum of in-house resources. Smaller organizations also tend to be quicker in adopting new ways of working than their large enterprise counterparts.

Specifically, the survey data reveals that SME's have embraced the use of web conferencing to the point where it has now become the medium of choice for conducting meetings, while large enterprises prefer (or can still afford) to meet in-person. While both groups use the technology to drive business processes, SME's are much more aggressive in using on-line presentations and demonstrations to drive revenue by facilitating meetings with customers and prospects – again perhaps by necessity. The ability to include more people (reach), save travel costs / time, and thus increase productivity are the major motivating factors for SME's to use web conferencing.

Web conferencing has become vital in this role, with 3/4 of SME's reporting solid-to-dramatic growth in usage. Customers are satisfied – over 2/3 of SME's believe the technology delivers a high-to-very-high return in value. When given the opportunity, several SME's stated that web conferencing has taken on such an important role in their organizations that they could no longer conduct business without it.

The survey base believes the top factors to consider when choosing a supplier of web conferencing technology are ease of use, reliability, support, a flat / low-cost pricing model, and security. Overall ease of use and strong screen performance are top feature priorities.

Introduction: Web Conferencing & SME's

The ability to conduct effective virtual meetings using web conferencing has grown from a technical novelty to a mature, widely deployed solution in less than a decade. The technology has become scalable and reliable, attributes that when combined with the growth of the Internet, now enable users to connect to virtually anyone, anywhere, anytime. While feature upgrades have increased the information-sharing capabilities and the performance available to meeting participants, user interfaces also must be continuously refined to meet the challenge of keeping systems approachable and easy to use. Service providers such as Citrix GoToMeeting Corporate, the sponsor of this paper, combine web conferencing technology, network infrastructure, and support personnel to offer their customers a complete turnkey solution – without the need for having (or consuming) IT resources. Bottom line: the effectiveness and economics of web conferencing not only offer a convenient alternative to traditional in-person meetings, but also apply to new meeting situations that only become possible by using a virtual medium.

A key aspect of web conferencing technology is that it can be adopted by organizations of all sizes, especially when it is delivered as a service. While the applications of the technology appear to be numerous and the benefits obvious, does its usage vary depending on the size of the organization? By their very nature, small to medium enterprises (SME's) are in a constant battle to achieve bottom-line results using minimal in-house resources, and tend to be quicker in adopting new ways of working than their large enterprise counterparts. They are an important element in all economies; in the U.S. alone, 99.7% of U.S. businesses were SME's in 2000. They pay between 44% and 45% of the overall U.S. private payroll.¹ And they are responsible for more job creation than any other sector of the marketplace.

Wainhouse Research conducted this on-line survey to assess how SME's are using web conferencing, and what SME users think about the results they have achieved. The survey results that follow in this executive white paper quantitatively reveals precisely where, why, and how web conferencing has woven itself into the day-to-day fabric of SME's – and reveals some major differences in the usage patterns SME's exhibit compared to large enterprises.

Methodology and Survey Sample

The survey was conducted online by WR in May 2006. An impressive 1,562 valid survey responses were received from an invitation sent to a population of Citrix GoToMeeting Corporate users. For the purposes of this survey, an SME is defined as having 500 employees or less. The Citrix Online user base turned out to be comprised of a large number of SME's – about 3/4's (76%) of the survey base fit the SME criteria. The respondent demographics revealed that the largest group was from the computer industry (34%), in a sales/marketing (27%) or IT management (17%) role, and were meeting initiators (76%) and presenters (70%).

¹ US Small Business Association, www.sba.gov

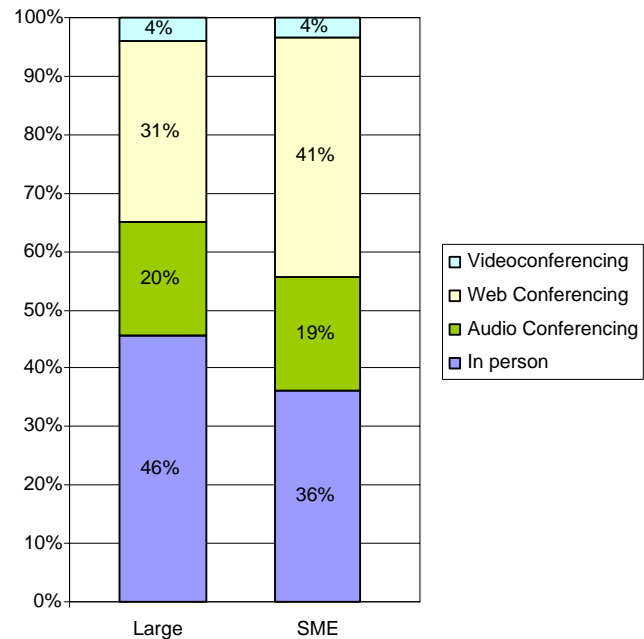
I. What is the current state of Web Conferencing in SME's?

The following three survey question responses indicate the degree to which web conferencing has become not only accepted by SME's as an alternative to traditional meetings, but as an enabling technology that can provide the solutions to other problems as well.

Web Conferencing has become the most popular way to conduct meetings for SME's.

Q: What percentage of your meetings over the past 6 months involved the following?

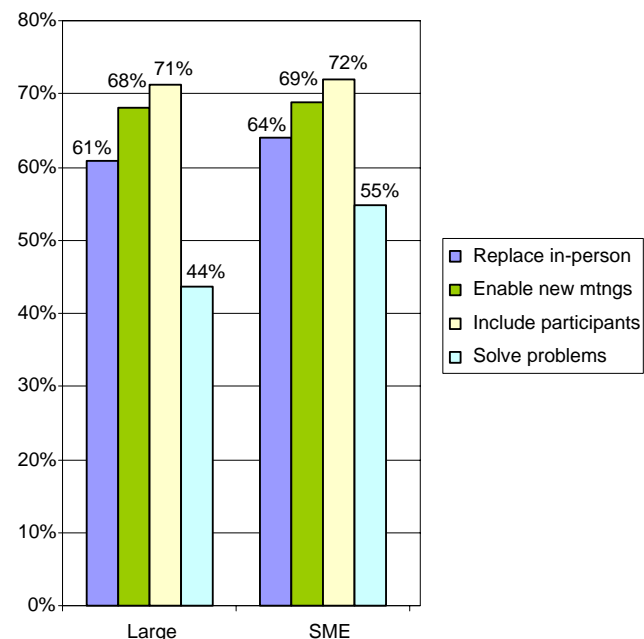
The SME respondents we surveyed have clearly embraced web conferencing. Its use in SME's has risen to the point that it has become the medium most often used for meetings, and now accounts for over 2/5 of all meetings (41%). Unlike the case in large enterprises, *web conferencing in SME's has actually become more popular than meeting in person (41% vs. 36%).*



In addition to the more predictable improvements in business practices, over half of SME's use web conferencing to solve problems they could not solve before.

Q: How has web conferencing affected your business practices?

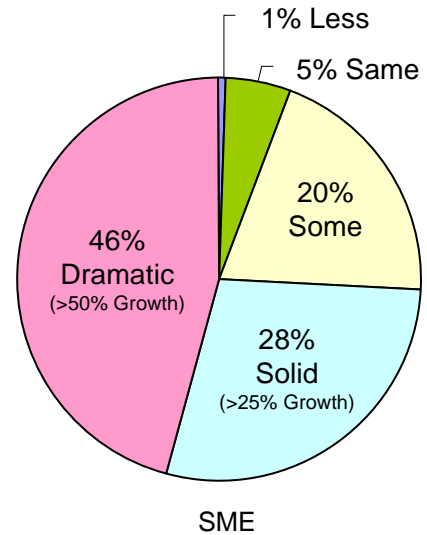
Almost 3/4 of SME's use web conferencing to include participants who could not attend before (72%), and over 2/3 use it to enable new meetings that could not be held previously (69%). Almost 2/3 (64%) use web conferencing to replace in-person meetings. While large enterprise usage has followed a similar pattern, SME's are stronger on a more advanced metric: *Well over half of SME's (56%) use web conferencing to solve problems they could not solve before.*



Three-quarters of survey respondents report solid-to-dramatic growth in their usage of web conferencing.

Q: In the last year have you increased your use of web conferencing?

Some 46% of SME respondents report dramatic growth (50% or more) in their use of web conferencing over the past year. Another 28% report solid growth (25% or more). In total, 94% report growth. The growth figures for large enterprises are very similar.



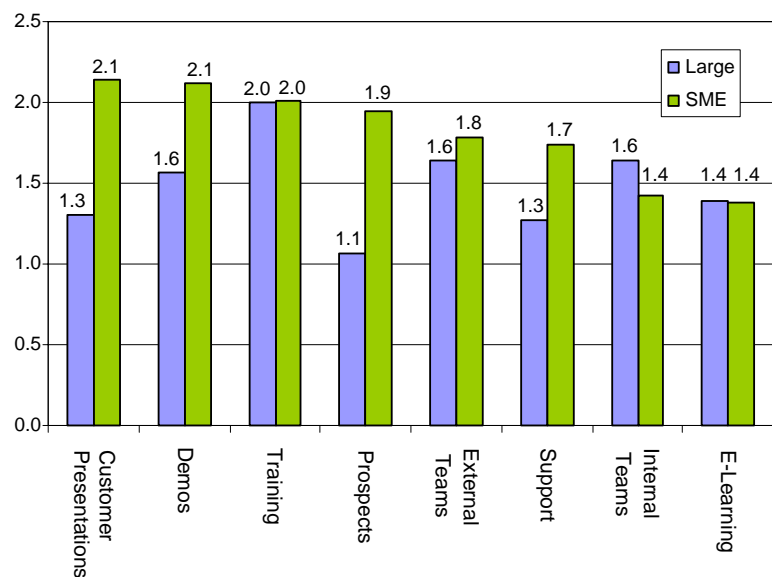
II. Which applications are important to SME's? What value is derived?

This set of questions cuts to the core of the matter by revealing the differences in the usage of web conferencing between SME's and large enterprises. Specifically, a major use of the technology by SME's is to drive revenue by increasing their interaction with customers and prospects – while large organizations are more inwardly focused. SME's believe web conferencing enables them to increase their reach, involve more people, and cultivate better relationships while decreasing the cost of (and need to) travel. The resulting overall gain in productivity is well worth the cost.

“Outbound” web conferencing apps that involve customers and prospects are most important to SME's.

Q: How important are the following applications of web conferencing to your organization?

On-line Customer presentations and Demonstrations are more important to SME's than to large enterprises (2.1 vs. 1.6; 2.1 vs. 1.3 respectively). Also scoring higher for SME's compared to large enterprises are Prospect Seminars (1.9 vs. 1.1), Product Support (1.7 vs. 1.3), and External Teams (1.8 vs. 1.6). The only application that scored higher for large enterprises compared to SME's is Internal Teams (1.6 vs. 1.4), which indicates their greater need for internal coordination.

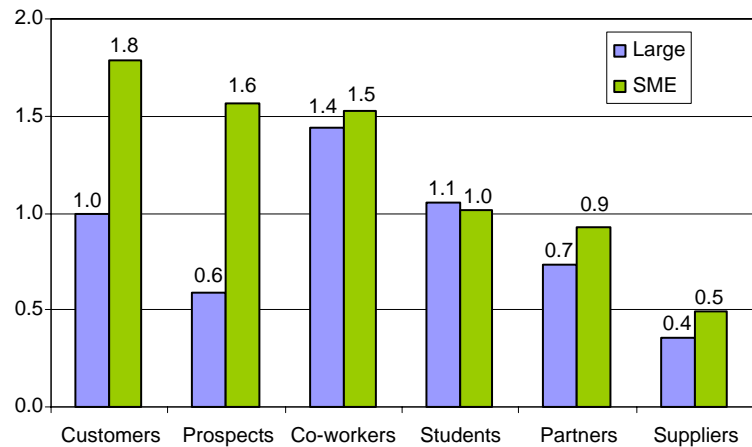


Q: How often are the following groups of people involved in your web conferences?

In a complementary vein, the groups of people involved in conferences vary greatly between SME's and large enterprises. SME's hold many more web conferences that involve customers (1.8 vs. 1.0; almost twice as many) and prospects (1.6 vs. 0.6; almost three times as many).

Meeting with co-workers, which is the most important group to large enterprises, is also important to SME's – though *clearly the value to*

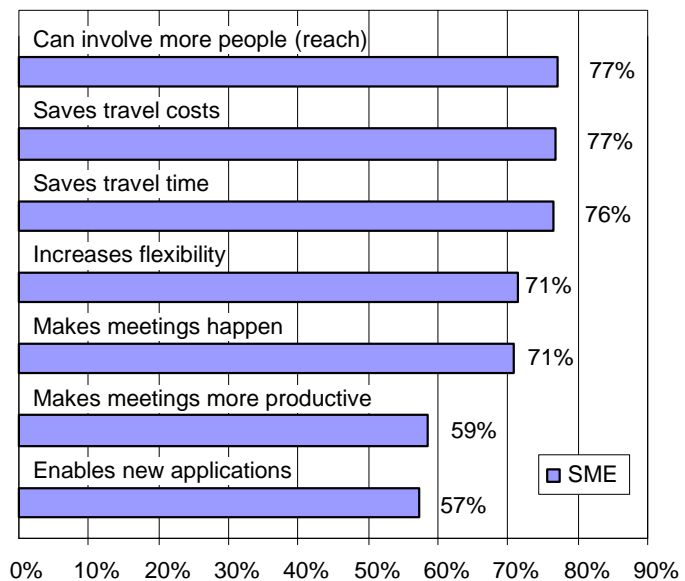
SME's of web conferencing for customer and prospect meetings stands out in this data.



The ability to involve / reach more people, save travel costs / time, and be more productive are the major reasons to use web conferencing.

Q: Why do you use web conferencing?

Around 3/4 believe the ability to involve / reach more people, save travel costs & time, increase flexibility (meet from home, on the road, etc), and make meetings happen that would otherwise be impossible to schedule are the major reasons to use web conferencing. Well over half also agree that web conferencing makes meetings more productive and enables new applications. The results are consistent independent of organizational size, with perhaps a slight SME emphasis on saving travel time.

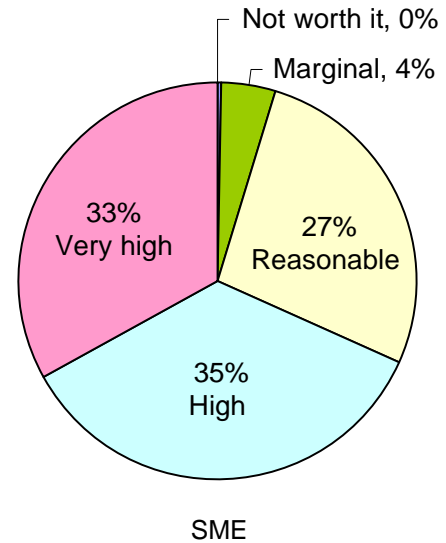


A separate question asked why respondents used web conferencing *on the personal level*. Respondents strongly agree that web conferencing enables them to get more work done / be more productive (72%) while traveling less (70%). Again the results are consistent across organizational size, with the slight exception that more SME respondents believe web conferencing enabled them to work from home (48% SME vs. 36% large enterprise).

Over two-thirds of survey respondents believe the value returned by web conferencing is high to very high.

Q: Do you believe the value you receive from your use of web conferencing is worth the cost?

One-third (33%) of SME respondents believe the value returned from their use of web conferencing is very high vs. the cost, and roughly another third (35%) believe the value returned is high. Only 4% believe the value returned is marginal, and a scant 0.3% believe web conferencing is not worth the cost. The results are very consistent across organizational size.



III. What should be considered when choosing a web conferencing system?

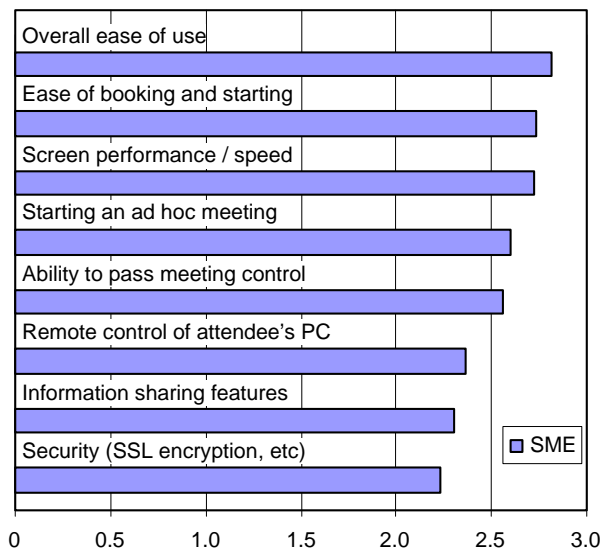
In this section we asked the respondents what is important to them in both the system itself and the supplier. Respondents indicate that their top feature priorities center on ease of use, followed by strong screen performance. Ease of use also is mentioned as the #1 factor when choosing a web conferencing supplier, followed by reliability, support, a flat / low-cost pricing model, and security.

The most important system features are overall ease of use, ease of booking and starting meetings, and screen performance.

Q: How important are the following web conferencing features?

The figure prioritizes all of the features that were rated “important” by the survey respondents – there were additional features listed that fell below the “2.0” bar.

Overall ease of use, Ease of booking and starting a scheduled meeting, Screen performance & speed, Ease of starting an ad-hoc meeting, and the Ability to pass meeting control are the top five features to SME’s. Being able to remote control an attendee’s PC (often for support applications), information sharing features, and security round out the features that are rated above 2.0.

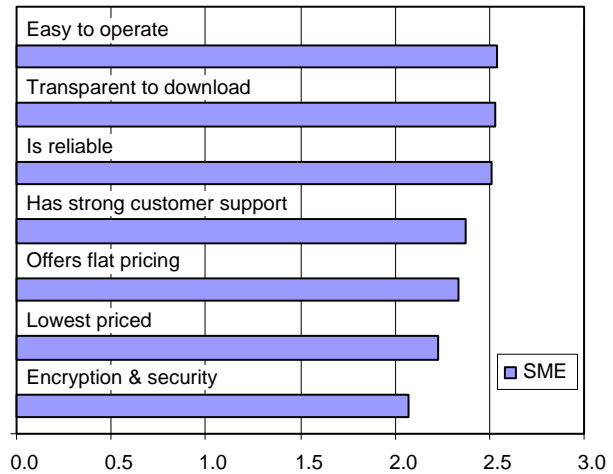


The most important factors to consider when choosing a supplier are overall ease of operation, reliability, support, flat / low pricing, and security.

Q: How important are the following factors when choosing a supplier for your web conferencing needs?

Ease of operation, Transparent download & installation (a facet of ease of operation), Reliability, Support, and Flat pricing are the top five factors to consider when choosing a web conferencing supplier. Being a Lowest priced provider and Encryption & security round out the factors that are rated above 2.0.

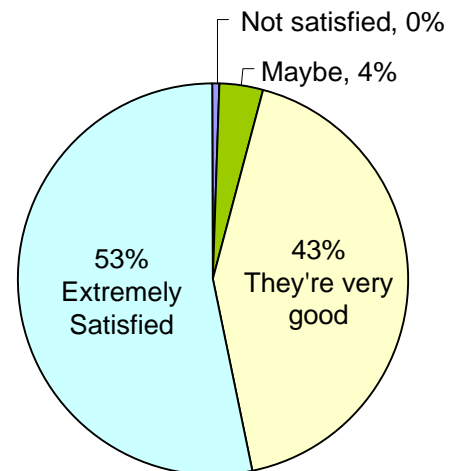
The priority of these factors is consistent between SME's and large enterprises.



96% of SME respondents have no doubt in recommending Citrix as a supplier.

Q: Would you recommend your current supplier to others?

As this survey was primarily to the Citrix base, we took the opportunity to ask them to rate their current level of satisfaction. Over half (53%) of SME respondents that designate Citrix as their primary provider say they are extremely satisfied, and another 2/5 (43%) believe Citrix's service is very good. Less than 4% think their service is just "OK," and only 0.4% are not satisfied.



The results show a slightly higher Extremely Satisfied rating for Citrix from SME's (53%) vs. Large Enterprises (49%). Based on the results of this survey, one may conclude that the Citrix feature set (ease of use / performance / reliability / support / flat pricing) fits the needs profile of SME's.

IV. Has Web Conferencing become essential to SME's?

To get a sense concerning how essential web conferencing has become to small and medium enterprises, we felt the question could not be asked in the typical multiple choice survey manner. Instead, we opted to approach the topic from the opposite direction by asking how business would be impacted were web conferencing taken away.

Q: How would your business be impacted if web conferencing was taken away?

Respondents were asked to answer through verbal comments.

The most common theme among the responses is the concern of having to “go backwards”. Removing web conferencing would cause SME's to revert to more travel, followed by increased expense and loss of productivity. Functional areas lament about the possible inability of being able to do on-line demos, training, and support. Business concerns include not being able to reach geographically-dispersed customers and ultimately losing sales revenue.

A small but significant number of respondents indicate clearly that their business would simply not be possible without web conferencing. Specific comments from this group (separate respondents), include:

- “I don't want to think about what would happen - it is that important.”
- “I couldn't do my job.”
- “It would kill us.”
- “We could not go back.”
- “Our business would probably not exist anymore.”
- “We could not do business.”
- “We could not operate.”
- “I'd lose my job.”

Other particularly insightful comments include:

- “Global presence, marketing, presentations would all be cut dramatically. [Web conferencing] is our sales lifeline.”
- “I live and breathe web conferencing. This is how I function as an account manager. Without this there would be no flexibility.”
- “The biggest impact would be in our reach. If web conferencing was not available my travel schedule would be too much to handle and our reach to clients would be limited.”
- “The day to day operations in my department would be practically impossible.”

- “We have been using web conferencing regularly now for about 1 year. In that time, usage has grown exponentially – even including some applications we had not considered when making the initial purchase. Sudden removal of web conferencing would be immediately noticed by all and have serious impact on productivity across departments.”
- “We have increased web conferencing use since having this software. It makes my job easier and more efficient. It makes my customers less frustrated and more impressed with the services our company offers.”
- “We wouldn't get near as many demos done because we use this program for most of our sales. This way we can show our product to as many people as we can schedule for the day. It is wonderful and if we had to drive to these places or just tell the people over the phone the value of our program without actually showing them we would get a lot less sales! “
- “We would not be as effective in our internal training or have as many options for our customers. We would not be able to reach a large portion of our accounts effectively and would hence not have these customers, which would affect our bottom line.”

Closing Thoughts

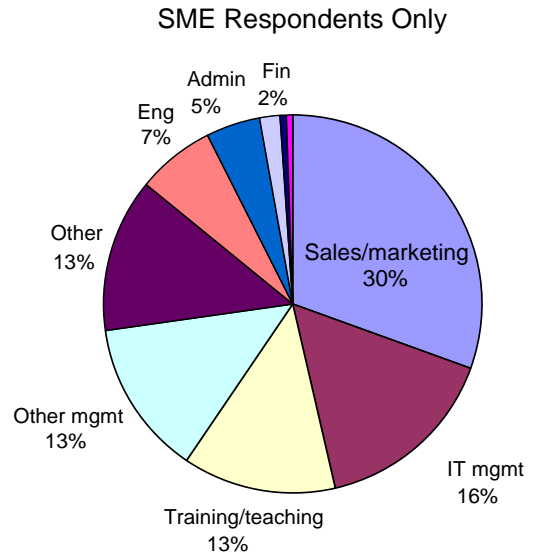
While there are some similarities in the motivation for using web conferencing between organizations of all sizes, this survey reveals there are also some key differences. Specifically, SME's have embraced web conferencing, elevating its use to the point where it has become the medium of choice for meetings (large enterprises still prefer to meet in-person). This finding represents an extraordinary shift in attitude on the part of SME users, far outpacing other meeting technologies. While both SME's and large enterprises use web conferencing for process-related meetings, SME's are much more aggressive in using on-line presentations and demonstrations extensively to drive revenue by meeting with customers and prospects. SME's also are motivated by the technology's ability to include more people (reach) and save travel costs / time, which results in higher productivity. Web conferencing has become vital in this role, with the majority of SME's reporting solid-to-dramatic growth in usage and high-to-very-high return in value. Many SME's believe web conferencing has taken on such an important role in their organizations that they could not do business without it.

The survey base believes the top factors when considering a supplier of web conferencing technology are ease of use, reliability, support, a flat / low-cost pricing model, and security. Overall ease of use and strong screen performance are top feature priorities.

Appendix: Selected Survey Demographics

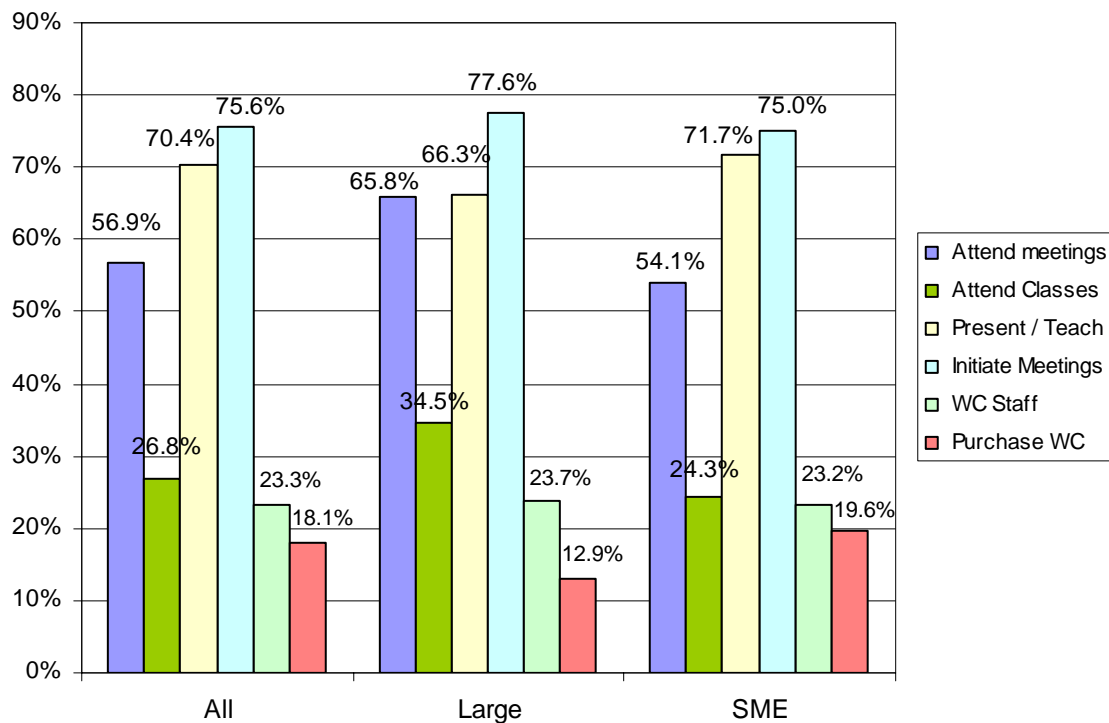
Q: Which best describes your job title or description?

- Conferencing/telecom management
- IT management
- Other management
- Training/teaching professional
- Sales/marketing professional
- Human Resources professional
- Engineering professional
- Administrative professional
- Finance professional
- Other



Q: Which best describes your involvement with web conferencing? (Select all that apply)

- I attend meetings using web conferencing
- I attend classes or training courses using web conferencing
- I present or teach using web conferencing
- I schedule and initiate meetings using web conferencing
- I am on our internal staff for managing and/or supporting web conferencing solutions
- I purchase web conferencing products & services



About the Authors

Andy Nilssen is a Senior Analyst & Partner at Wainhouse Research, where he is a consultant to rich media conferencing vendors, network infrastructure vendors, end users, government agencies, end users, and venture capitalists. Andy is a co-author of WR's annual three volume series *Rich Media Conferencing*, the firm's thorough analysis of the conferencing industry. Earlier in his career, Andy managed the planning and launching of PictureTel's Venue and Concorde group videoconferencing systems. Andy has 25 years of experience in high-technology product marketing and market research, earned his MBA and BSEE degrees from the University of New Hampshire, and holds two ease-of-use related patents. He can be reached at andyn@wainhouse.com

Alan Greenberg is a Senior Analyst & Partner at Wainhouse Research. Alan has worked in the telecommunications, videoconferencing, software and services, and multimedia arenas for more than 20 years, holding marketing positions with VTEL, Texas Instruments, and several Austin, Texas-based startups. He has conducted research into dozens of distance learning and e-Learning programs and covers managed services, 3G wireless conferencing, and management software for WR. He is co-lead analyst on the Wainhouse Research WebMetrics research program, and has authored many research notes on web conferencing and e-Learning vendors at www.wrplatinum.com. Alan holds an M.A. from the University of Texas at Austin and a B.A. from Hampshire College. He can be reached at agreenberg@wainhouse.com.

About Wainhouse Research

Wainhouse Research, www.wainhouse.com, is an independent market research firm that focuses on critical issues in rich media communications, videoconferencing, teleconferencing, and streaming media. The company conducts multi-client and custom research studies, consults with end users on key implementation issues, publishes white papers and market statistics, and delivers public and private seminars as well as speaker presentations at industry group meetings. Wainhouse Research publishes a variety of reports that cover the all aspects of rich media conferencing, and the free newsletter, *The Wainhouse Research Bulletin*.

About Citrix Online

Citrix Online, a division of Citrix Systems, Inc., is a leading provider of easy-to-use, on-demand applications for Web conferencing and collaboration. Its award-winning services include GoToMeeting Corporate, a complete collaboration solution that satisfies all Web conferencing needs ranging from large Webinars to small online meetings. With GoToMeeting Corporate, organizations of any size can use GoToWebinar for do-it-yourself Web events and GoToMeeting for smaller, more interactive online meetings.

GoToMeeting Corporate allows users to easily present, demonstrate and provide training online to anyone, anywhere in the world. GoToMeeting Corporate can make businesses of any size more productive by reducing travel time and costs and enhancing communication, ultimately leading to faster decision making and more efficient workers. For a free evaluation of GoToMeeting Corporate, please visit www.gotomeeting.com/s/WReval.