COLLABORATIVE EFFORTS

SURVEY REVEALS CLEAR BUSINESS ACCELERATION USING ON-DEMAND COLLABORATION TECHNOLOGY

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Executive Summary

In the new global economy, a company's competitive edge is intrinsically tied to the ability to quickly collaborate with co-workers, partners and customers.

This is certainly evidenced in a recent survey in which the majority of respondents confirm that on-demand collaborative tools can accelerate business processes and help knowledge workers work better, faster and cheaper.

"This is why collaboration tools have become an integral part of day-to-day interactions between employees, partners and even customers," says David Knight, vice president at WebEx. "And it's not just about automating obvious applications like IT support." Rather, savvy CIOs are opening communications lines in core business processes—like sales and product development—to deliver top- and bottom-line value.

IDG Research Services recently queried 144 *CIO Magazine* subscribers to gain insight into how and why collaboration technology is creating competitive advantage. This summary report explores different market trends with commentary from key respondents as well as WebEx's Knight, an industry expert. The survey's key findings include:

- The most innovative companies are leveraging collaboration technology to accelerate business processes inside and outside the firewall.

- Supporting knowledge workers and interacting with external audiences is highly important to the majority of respondents.

- Companies using on-demand software are indisputably experiencing its many benefits.

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APPLICATIONS ABOUND

Business communication has reached new levels in complexity. Team dynamics have evolved from localized groups in one building into dispersed groups—both inside *and* outside the four walls of the business. But the need to interact on a moment's notice remains a constant. As a result, collaboration software has emerged as a key component in today's arsenal of communications tools.

> **56% of respondents strongly agree that on-demand can accelerate business.**

Fluor Corporation, for example, uses a variety of collaboration technologies to support its global workforce and project execution requirements. John McQuary, vice president of Knowledge Management and Technology Strategies at Fluor, says the company engages the entire project team, including the home office, site personnel, clients, vendors, fabricators and suppliers to communicate and collaborate, regardless of team members' locations.

Indeed, collaboration applications abound. One might simply consider traditional interactions to appreciate its role—business trips, conference calls, and service visits that can now be accomplished faster and more cost-effectively through virtual collaboration.

IDG survey respondents concur, indicating that collaborative tools are currently being used for a host of applications. Remote IT support is the number one use cited (at 75 percent). "The traditional phone-based approach to IT support centers around users describing a problem and the service rep providing a diagnosis based on that input," says Knight. "But hands-on access represents an infinitely better way of getting that job done." That's probably why this application is at the top of respondents' lists.

Other fairly common use scenarios include online training (66 percent), online meetings (65 percent), portals (61 percent), instant messaging (59 percent), and online webinars/events (57 percent).

Respondents indicate that usage over the next 12 months will focus on the same applications, but with varying ranks of priority. In the near future, for example, portal applications will top the charts for 48 percent of respondents. "Portals are collaborative 'team spaces' that are being used in a variety of ways to facilitate the interactions associated with business processes," says Knight. One popular example is a sales portal, commonly used for negotiations and planning with customers.

COLLABORATION ACROSS BUSINESS PROCESSES

One of the most significant trends in the collaboration space demonstrates clear innovation: facilitating interactions that accelerate the development, sales and delivery of products and services. The most innovative companies—which is how four out of 10 respondents' describe their companies—have made the leap from using collaboration technology for individual improvement to using it for business process acceleration.

"These innovative CIOs look at collaboration from a different perspective," explains Knight. Instead of considering one-off meeting or training requirements, they're asking one very important question: How are people working, and how can technology support that process?

MORE THAN TWO-THIRDS ARE CURRENTLY USING REMOTE IT SUPPORT, ONLINE TRAINING AND ONLINE MEETINGS

Q: Which of the following collaborative tools or software does your company currently use and which will your company consider for in use in the next 12 months?

Tool	Currently in use	Will consider for use within 12 months
Remote IT support	75%	37%
Online training	66%	39%
Online meetings	65%	42%
Portals	61%	48%
Instant messaging	59%	37%
Online webinars/events	57%	41%
Shared workspaces	52%	37%
Blogs	25%	26%
Interactive selling/product demos	23%	24%
Wikis	20%	30%
Business networking sites (e.g. LinkedIn.com, Ryze.com, etc.)	16%	15%
None	3%	8%
Other	3%	4%
Don't know	1%	12%

Base: 147 qualfied respondents

For example, Knight says, to improve the sales process, it is important to facilitate the complex interactions between sales teams and their prospects. This may involve product demonstrations, negotiations and implementation planning. "CIOs who have figured out how to enhance and expedite that interaction are achieving a compelling advantage," he says.

Some CIOs are innovating by way of the development process. "Through technology, we enable collaboration among our design, development and production personnel on new product development … without having to travel around the world," says George Borak, vice president of sales and marketing at Darco International Inc. This speeds time to market, he says, in an extremely cost-effective environment.

Similarly, at Fluor, global project execution often requires tapping into expertise wherever it resides in the world, says McQuary. Collaborative technology is a necessity for dispersed project teams.

WHERE THE REAL VALUE COMES IN

Perhaps most intriguing, respondents overwhelmingly assert that the *real* value of collaboration technology stems from two key areas: enabling knowledge workers, and interacting with external audiences.
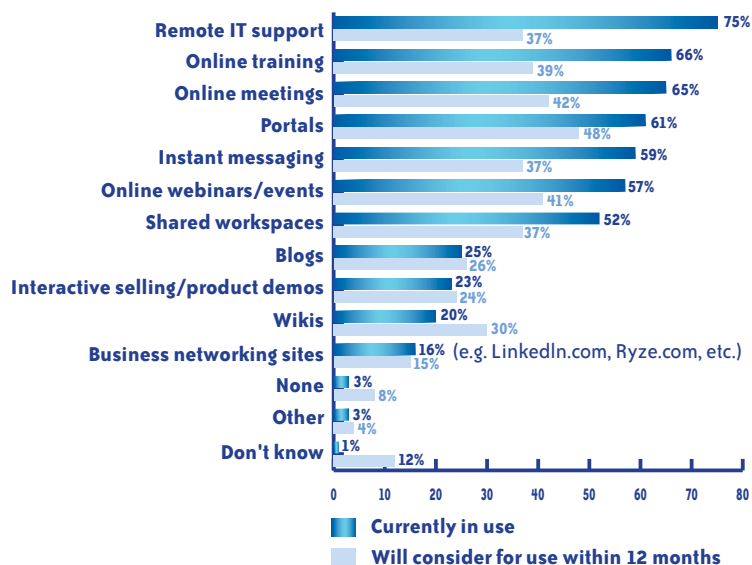
ENABLING KNOWLEDGE WORKERS

A resounding three quarters of respondents who are using collaborative tools are doing so in support of "sales staff and/or other knowledge workers." In fact, only a mere 1 percent of respondents indicate that such usage is of "no" importance.

"This is, after all, where the sustainable competitive advantage comes from," says Knight. "Your sales staff and knowledge workers yield the greatest economic return." What's more, most companies have already spent billions of dollars automating business processes (i.e., ERP, CRM, and so on) and "knowledge workers are the heart of these transactions."

By supporting knowledge workers, CIOs can deliver quantifiable top-line value, while cutting costs from the bottom line. For example, the biggest gain for Eyefinity, a company serving the private eye-care practice community, is being able to execute on as many as 25 projects in parallel, explains Steve Baker, Eyefinity's vice president of technology. This is possible, he says, because collaboration technology "binds" his teams together. For Darco International, Borak is able to implement intensive training for sales reps and distributors at a moment's notice, thereby delivering the information they need to do their jobs. And at Fluor, McQuary says collaborative technologies facilitate low-cost, quick communications that support project execution for which 24x7 collaborative technologies are essential to speed the flow of knowledge.

INTERACTING WITH EXTERNAL AUDIENCES

A surprising number of respondents say that their companies are using collaborative technology to interact with key external audiences: customers/clients (72%), vendors and suppliers (41%), and peers in the industry (37%).

"The use of technology to interact with external audiences represents the most fundamental shift in the collaborative space," says Knight. "The companies that have survived and thrived in the changing global economy have maximized their leverage across corporate boundaries."

And this trend doesn't just apply to Fortune 500 companies, but to multinational small and midsize businesses as well. Darco International is a 200-employee medical supply company based in West Virginia with a wholly owned distributor in Germany and factories in China. Historically, interaction with these and other external audiences was restricted to the telephone, field visits, or a high-tech modality that was one-sided, explains Borak. "Now, we are able to interact with our external audiences for a fraction of the cost, and a fraction of the time required for field visits."

Such functions are so fundamental to business that "outsiders" are now considered "insiders" and CIOs need to enable collaboration across this rapidly blurring line.

GOING ON-DEMAND

The IDG research uncovered an interesting trend in spending on collaborative technology. To innovate most successfully, more and more CIOs are turning to on-demand collaboration solutions. In fact, respondents estimate that 15 percent of their companies' software spending is currently invested in on-demand software rather than licensed software applications.
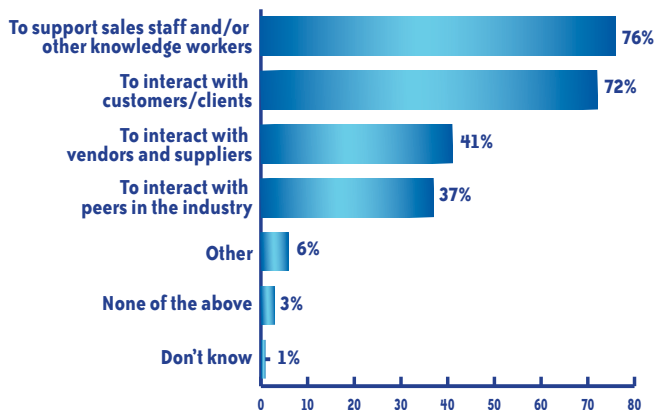
"And this doesn't even reflect discretionary spending for things like maintenance and line-of-business spend for on-demand services that aren't reported to IT," says Knight. "Thus, we see an even greater percentage of investment in on-demand than what is reflected in this number." Of course, he notes, more obvious spend on on-demand will rise as the install base increases and the breadth of product offerings expands.

BENEFITS ARE MANY

So why is the adoption of on-demand collaboration technology on such an incline? Indeed, some 84 percent of respondents recognize that there are benefits to be had with on-demand collaboration solutions. The number one perceived benefit, cited by 44 percent of respondents, is that it lessens the burden on IT. Other key expected benefits include: "reduces costs" (42 percent), "provides a scalable solution" (41 percent), "improves productivity/speed" (40 percent), and "keeps the company ahead of the technology curve" (26 percent).

MORE THAN 7 OUT OF 10 RESPONDENTS USE OR WILL USE COLLABORATIVE TOOLS TO INTERACT WITH CUSTOMERS AND CLIENTS

Q: For which of the following functions is your company using or planning to use collaborative tools or software?

Function	%
To support sales staff and/or other knowledge workers	76%
To interact with customers/clients	72%
To interact with vendors and suppliers	41%
To interact with peers in the industry	37%
Other	6%
None of the above	3%
Don't know	1%

Base: 144 qualfied respondents

And, what's even more telling is that almost half (47 percent) of companies that use on-demand software have already realized some of these benefits.

Frankly, on-demand solutions are proving to be better than on-premise solutions. "With on-demand, there are no implementation challenges and 'only one throat to cut,'" says Knight. "Customers hold on-demand providers accountable everyday, so they deliver more of what they promised than on-premise vendors."

CHALLENGES ARE FEW

And what, if anything, is holding back adoption of collaboration technology?

Respondents' biggest concern regarding on-demand applications is actually nothing more than a lingering myth that collaboration solutions "are hard to integrate." This is cited by 51 percent of survey respondents. In reality, however, the vast majority of on-demand solutions have better APIs than their on-premise counterparts. "Most on-demand applications are already SOA-enabled," says Knight. "They have to be, in order to operate outside the network."

Integration comes to bear particularly around "crossing corporate boundaries"—a huge benefit of on-demand collaboration solutions. "What happens when a network issue surfaces in a Web meeting?" asks Knight. CIOs simply don't have the on-premise staff to address issues across every platform. "So it's the on-demand solution that "sits in the middle to bridge support and broker issues across all parties," he says. This is the crux of what makes on-demand so well suited for collaboration.

The integration challenge is aptly explained by one respondent. "On-demand solutions have the advantage of little or no downtime, where on-premise solutions may or may not be able to mesh and work together," Borak purports. "The vendor is expected to make sure all of the issues are addressed, which allows us to concentrate on solving our business challenges." With the burden of maintaining and upgrading the collaboration solution firmly in the hands of a third-party provider, a company's often limited IT staff is freed up to focus on its core competencies, and drive business value and innovation through IT.

There are other challenges in implementing on-demand collaboration solutions. Respondents rate them as follows: "security concerns" (49 percent), "concerns about the impact on IT support" (44 percent), "lack of buy-in from major decision makers" (40 percent), and "the desire to maximize investment in existing licensed software" (36 percent). Interestingly, these are age-old objections to any form of software as a service. Fortunately, the technology and services that support on-demand solutions have evolved to address such concerns, and CIOs are increasingly adopting on-demand solutions for many technology implementations.

CLOSING THOUGHTS

What the survey boils down to is this: Some 56 percent of respondents strongly agree that on-demand collaboration technology "can accelerate business by improving real-time communications with colleagues, customers, vendors and suppliers," while 48 percent strongly agree that it "offers a unique competitive advantage by helping knowledge workers do business better, faster and cheaper." Interestingly, these findings match the way in which respondents rate their companies' innovative spirits. This means the innovators have figured it out and are reaping the rewards.

FIVE THINGS TO LOOK FOR IN VENDOR/SOLUTION EVALUATION

When asked to rate the importance of five factors in the evaluation of collaborative technology, 79 percent of respondents say "a flexible, scalable solution" is a "critical" or "very important" factor. This is followed closely by "easy to integrate with existing software applications" (74 percent), "offers 24x7 IT support" (67 percent), "includes the ability to measure ROI" (59 percent), and "uses cutting-edge technology" (40 percent).

"All of these factors point to the very promise of on-demand solutions," says David Knight from WebEx. "CIOs don't have to worry about capacity planning or negotiating integration." And with on-demand, great service is practically a given, because "if a vendor doesn't deliver, their customers will just cancel their service."

CALL TO ACTION:

Need to get innovative with on-demand collaboration technology? Get started today by visiting WebEx at **www.webex.com** and reap the rewards.