

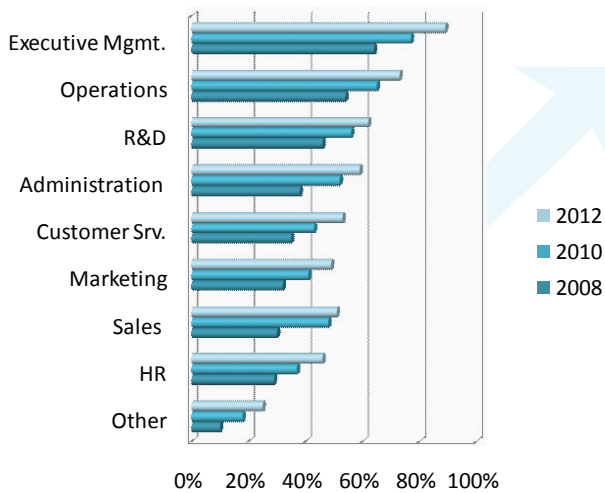


Selecting a Cost-Effective Conferencing Solution

Because of the ongoing costs associated with conferencing, organizations are looking at alternative solutions to meet growing demand. As regular usage of audio and web conferencing rises, so does the need to maintain control over these skyrocketing costs. As you evaluate conferencing solutions for your organization, an important selection consideration should be the overall cost of the solution; both initial and on-going. It is necessary to evaluate the cost of your current conferencing solution as well as whether an on-premise alternative will pay for itself in a reasonable amount of time.

In most organizations, conferencing has become an integral part of business communications and must be available at all times for any purpose. It is surprising to learn what departments in your organizations are the biggest users of conferencing and how that usage is projected to grow. A recent Wainhouse Research survey determined who was using collaboration the most within the enterprise. Depending on the conferencing solution that is chosen and how quickly your users adopt it, your organization can see a rapid return on investment as users start migrating towards its use.

End user functional groups that will derive the greatest benefit from conferencing and collaboration.



Conferencing Options: Service Providers and On-Premise Solutions

Organizations have four basic options for conferencing:

- Conferencing Service Providers
- On-Premise Conferencing Platforms
- Managed Services Offering
- Hybrid Conferencing Solution

Once it has been determined what the conferencing requirements of your organization are, you will be able to analyze which solution best fits your companies needs both short and long term.

Conferencing Service Providers

Historically, most organizations have relied on conferencing service providers to provide the services necessary to enable multi-party audio and web conferencing. In this model of conferencing, organizations can either arrange a conference via an operator or they can establish a contractual arrangement with the service provider that allows participants to set up a conference on demand. This can be done ad hoc (without a reservation) or be scheduled in advance. Both operator attended and unattended calls are billed by levying a per-minute charge for each participant and/or by charging a monthly license fee per user. The longer the call and the more participants, the more the call will cost. This can be a wildly fluctuating number per month. Costs can also grow as users add extra features such as recording and playback, toll-free access, polling, or additional required security features.

In addition to the cost associated with usage and extra features, service providers are faced with a number of taxes and fee's that are levied by the US Government.

Because of the potential cost advantages, organizations are increasingly deploying on-premise conferencing solutions. According to Frost & Sullivan, "Though audio conferencing services will continue to be in demand, enterprises are expected to show a growing inclination to bring the equipment in-house over the next 5-7 years." This leading research firm expects factors such as ROI and security to drive this growth.

One such fee is the Universal Service Fund. The Universal Service Fund (USF) is a government administered program to support the provision of telecommunications services in rural and high cost areas, low income consumers, schools, libraries and healthcare facilities nationwide. All telecommunications service providers contribute to the federal universal service in an equitable and nondiscriminatory manner. On June 30, 2008, the Federal Communications Commission issued a ruling stating that audio conferencing fell into the same rules and regulations as telecommunications as it applies to the assessment fees for the USF. The FCC ruling applies to all conferencing services providers in the United States.

The USF fee has risen steadily from a rate of 9.5% in Q1 of 2009 to its recently announced rate of 15.3% as of Q2 2010. Any on-demand reservationless or operated-assisted audio conference call conducted to or from the United States is subject to the USF fee. In addition to the federal USF fee, state USF fees as well as state and local taxes apply to telecommunications services and are in addition to the costs associated with CSP's. Service providers transfer these costs to their customers in the form of long-distance surcharges to make up for the lost revenue that is imposed by the FCC. These charges add up to a much larger cost than is generally believed to be paid by users of CSP's. This can equate to thousands of dollars per year just for using a service provider for conferencing.

On-Premise Solutions

With an on-premise conferencing solution, organizations invest in their own conferencing platform by either purchasing or leasing equipment, installing it in their location, and connecting it to their corporate voice and/or data network. These premise-based solutions then perform the necessary conference bridging services to enable multi-party calls and support either audio only conferencing or an integrated audio and web solution.

Some solutions (such as ConferenceManager from Sonexis) are network and PBX independent and install easily in any environment. They also require little to no administration so as to not tax an already lean IT department. In the case of ConferenceManager, the platform scales easily from 12 to 600 concurrent licenses, and can be configured to support PSTN or VoIP.

When using on-premise conferencing, costs are fixed; they do not vary by the number of conferences or the

number of participants. As organizations deploy the solution, more users migrate to the platform and do so without incurring costs for each user and for each minute of conferencing used. Advanced solutions available today allow for bursts in conferencing to accommodate large spikes in usage that may be over what the conference bridge is licensed for.

Managed Services Offering

If most of your conferencing traffic is off-net, a managed services offering can help you avoid incremental infrastructure costs (like additional T1s or PBX expansion) by hosting your conferencing platform at an off-site facility. Most times, the hosting facility will do a larger volume of calls and they might have more aggressive T1 and long-distance rates than you are currently seeing today from your carrier. You simply purchase a conferencing platform, lease the T1's from the facility and the hosting company takes care of the ongoing backup, maintenance and support of the bridge. Most small- to medium-sized organizations find this solution—you own the equipment, a conferencing equipment provider provides the provisioning and administration—to be the optimal way to maximize savings.

Hybrid Conferencing Solution

While owning your own bridge invariably provides a compelling economic story, capacity can be an issue. To maximize your return, you need to minimize your investment. If your organization's conferencing usage is consistent, purchasing a bridge for your average requirements will ensure a high level of availability for your end users while avoiding unnecessary expense. However if your conferencing usage is highly variable, striking the right balance between capacity and cost can be challenging.

A hybrid conferencing solution might be an excellent way to strike this balance; by combining an on-premise solution with outside conferencing services. The on-premise solution is typically used for routine conferences, where the users number fewer than 200 per conference and the participants are familiar with the conferencing procedure. Examples of routine conferences would be weekly sales calls, new hire training, and marketing project status updates. The outside conferencing service would be used for webinars, larger more formal presentations where operator assistance is required, or large "all hands" calls that are lecture based in nature.

Comparing Cost of Conferencing Solutions

There are a number of costs - fixed and variable, one-time and ongoing - that determine the overall cost of any conferencing solution. These costs include:

- Audio conferencing costs per minute per participant for using the service provider
- Audio cost per minute for accessing a conference bridge (long distance costs)
- Web seat license fees
- Capital equipment expenses
- Installation
- Maintenance

To assess which type of solution is the most cost-effective for your organization, you need to consider current and future usage patterns:

- The number of current employees using a conferencing solution
- The amount of time spent conferencing today
- The number of concurrent web licenses needed

Sonexis can prepare a complete cost savings and ROI analysis, customized for your particular organization based on your specific conferencing needs. This custom report can project your expected savings and payback period from your investment in deploying an on-premise solution.

to accommodate demand

- Future growth of conferencing within your organization

A recent study conducted by Wainhouse Research concluded that an on-premise conferencing solution will provide the least costly solution when they evaluated a hosted conferencing solution versus deploying a solution in-house. At \$29.33 per user per year, or roughly half of the comparable integrated hosted service, the on-premise solution showed the most compelling cost savings overall¹.

The study by Wainhouse Research goes on to say "Many companies are turning to premise-based solutions because they provide much faster access for employees and groups and they offer instant, ad-hoc multi-modal conferencing capabilities which could provide significant savings."

In comparing the costs between the four different conferencing solutions and what the best deployment option would be for your organization, it is suggested that the following be considered:

- Focus first on requirements and business outcomes
- Analyze the total cost of ownership
- Consider calling peaks and security concerns to establish if one solution provides overall benefits compared to another

Another study conducted by Frost & Sullivan² determined there were several factors necessary to determine which deployment option would be right for your organization:

- Scale and intensity of audio conferencing usage
- Number of geographically displaced locations (including remote workers, telecommuters and branch offices)
- Volume of audio conferences that would need web tools or integrated unified communications applications
- Security (meetings happening inside a firewall or using VPNs)
- Investments that an organization is willing to make to build in-house capabilities for managing these conferences

Variability of Costs and Opportunity Cost

In addition to the direct expenses associated with conferencing, it's helpful for organizations to consider other, less obvious but none the less important, conferencing related costs when evaluating their choices for deployment.

One such consideration is the variability of conferencing costs. When conferencing is delivered by an outside service provider, cost will vary month to month, quarter to quarter, depending on the number, size and length of the conferences. Also, many additional features and functionality provided by the service provider add to the overall cost of the conference. The organization needs to accommodate this unpredictability.

By contrast, if an organization deploys an on-premise conferencing system, it will incur a predictable monthly cost for management and support. If it is a leased system or a managed services offering, it will also incur a fixed monthly expense for leasing or telephony usage fees. The ongoing monthly costs are fairly fixed and predictable and completely unaffected by the number of conferences held.

Finally, before choosing any conferencing solution, organizations should consider the costs they will incur by underutilizing conferencing because of cost controlling. While harder to quantify, these costs can be considerable. For example:

- What is the cost of not holding an important sales meeting in order to keep costs under control?
- What is the cost in lost time and business when organizations and their partners can't respond quickly to new market opportunities?
- What is the cost of not communicating more frequently and fully with customers?
- What is the cost in competitiveness when employees cannot receive frequent training in new job skills?

Summary

There are many questions to be answered when looking for the best solution to meet your conferencing needs. How large are the calls today? How much are you

spending per month for conferencing? Do you have the internal telecommunications resources to handle the largest calls that your organization holds? What is the best solution both short term and long to meet your company's budget for telecommunications? How much is not conferencing costing your organization in lost opportunities? Only by looking at all aspects of your organizations communications and economic requirements will you determine what might be the best solution. However, in most cases it is suggested that an on-premise deployment is the best option to meet financial constraints, security requirements, and overall functionality needs.

Sonexis ConferenceManager

Sonexis Technology, Inc. delivers an on-premise or managed, secure, audio and web conferencing platform that helps organizations improve business processes while significantly reducing the costs associated with conferencing. Compared to conferencing products from other providers, organizations using ConferenceManager can benefit from significantly lower conferencing costs as well as enhanced security for sensitive corporate information. Easy to install and PBX and network independent, ConferenceManager can be deployed in less than one hour and begin providing your employees a more effective way to communicate with little to no overhead to your IT resources.

About Sonexis

Sonexis is a subsidiary of Compunetix, Inc. and a leading provider of an in-house audio and web conferencing platforms for the enterprise. Sonexis ConferenceManager has set new standards for ease of use and security. Designed to work within any existing voice or data network, hundreds of leading organizations have deployed Sonexis ConferenceManager with minimal cost, effort or administration. Headquartered in Tewksbury, Massachusetts, Sonexis can be reached at 888-4SONEXIS (888-476-6394) or www.sonexis.com.

For more information on Sonexis ConferenceManager and to schedule a custom ROI analysis, contact Sonexis at 978-640-2000, toll-free at 800-276-6394 or at www.sonexis.com.

¹The Compelling Case for Conferencing by E. Brent Kelly, Senior Analyst & Partner, Wainhouse Research & Marty Parker, Principal, UniComm Consulting, LLC March 2009

²World Audio Conference Bridge Markets by Frost & Sullivan August 2009