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Assessing the Real Impact of Business Travel

Overview

There is no doubt the business world is changing. Phrases like carbon footprint, Kyoto Protocol, corporate social responsibility and work-life balance are starting to make a regular appearance on board meeting agendas. Senior executives are starting to recognize the impact these factors have on the profitability of their organizations. Business travel is one activity that is central to these issues.

By cutting down on business travel, organizations can not only reduce their direct costs but also their carbon emissions, simultaneously helping them improve their social responsibility standing. Add to this the ability to redress the work-life balance for their employees and the motives for change are clear. As more and more companies come to this realization, they are actively trying to reduce the need for their employees to travel on business.

But what do business travelers make of all this? Do they think business travel improves or hinders their overall job effectiveness? Do they actually care about the impact business travel has on the environment? Do they recognize the impact of business travel on their work-life balance?

To answer these questions, TANDBERG teamed up with research firm Ipsos MORI to conduct a survey of international business travelers. The survey aimed to measure the behavior and attitudes of business travelers as well as associated environmental, financial and personal costs. Ultimately, this project identified whether business travelers felt videoconferencing can play a role in reducing the negative aspects of travel.

Methodology

Ipsos MORI held five minute online interviews with a sample of 1,403 international business travelers across seven countries, which include: UK, France, Germany, Spain, Sweden, Italy and the Netherlands.

The interviews were conducted between 11th and 15th May 2006 and were split among the seven markets, with a target of 200 interviews per country. The respondents were aged 18+ and had taken at least one flight for business purposes in the past 12 months.

The survey consisted of 20 questions administered on-line and included a small number of respondents that travel frequently as well as those that are relatively infrequent business travelers. Therefore, the results represent a broad cross-section of business travelers.

Unless otherwise highlighted all graphs have a base as follows: Business flyers on panel (Total: 1,403, France: 201, Germany: 200, Italy: 202, Netherlands: 200, Spain: 200, Sweden: 200, UK: 200).

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Executive Summary

The survey found a clear disconnect between a European business's drive for efficiency and the behavior of its employees – behavior that also potentially conflicts with organizational goals for corporate social responsibility.

The results showed that over half of European travelers admitted that some of their business trips were unnecessary to their work. Furthermore, 69% of those surveyed stated that the enjoyment of experiencing new cultures was the highest rated benefit of business travel, compared to 47% who said getting face-to-face with clients was what they enjoyed. Alarming, 15% of travelers confided that business travel in fact made them less productive in their jobs. In the UK this figure was even higher at 19%, putting this into context in the UK this represents up to 600,000 workers approximately.

This data is a stark warning to businesses to re-evaluate their travel policies as some employees could potentially be spending their time in more efficient and valuable ways in the office.

Frederik Halvorsen, TANDBERG's Chief Executive Officer, comments: "Companies need to decide whether socializing and experiencing new cultures can provide a strong enough business benefit to justify the negative impact of international business travel on productivity. Do businesses do enough to ensure the ROI of every trip their employees take? Could meetings be conducted via other means? It's time for companies to look at how travel time and expense can be redirected into more productive activities."

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The survey results also showed a disconnect between workers' concerns for the environment and their behavior. All signs indicate that organizations are under increasing pressure to reduce their carbon footprint and adopt a much greener attitude when it comes to business travel. However, even though 43% of travelers in the survey consider the impact that business travel has on the environment and 23% recognized that their own travel had a negative impact, only 10% proactively traveled less as a result of their concern. Does this mean that businesses are not meeting their corporate social responsibilities as fully as they should be?

Halvorsen adds, "It's alarming that many business people accepted that their travel damaged the environment but so few are changing their behavior. It's now time to turn awareness into action. We believe it's the role of the business to put technology and policies in place to help employees curb the damage their business travel causes."

Increasingly, technologies such as videoconferencing are becoming an accepted alternative to business travel. Even business travelers who look forward to socializing with overseas colleagues admit that videoconferencing would be a suitable alternative, with 22% of the overall group surveyed stating they would be willing to make the switch. What's more, approximately one third of the group views videoconferencing as a welcome alternative to travel specifically because it would improve their work-life balance. This is great news for businesses that are seeking an employee-friendly way to reduce environmental impact and create a more productive workforce.

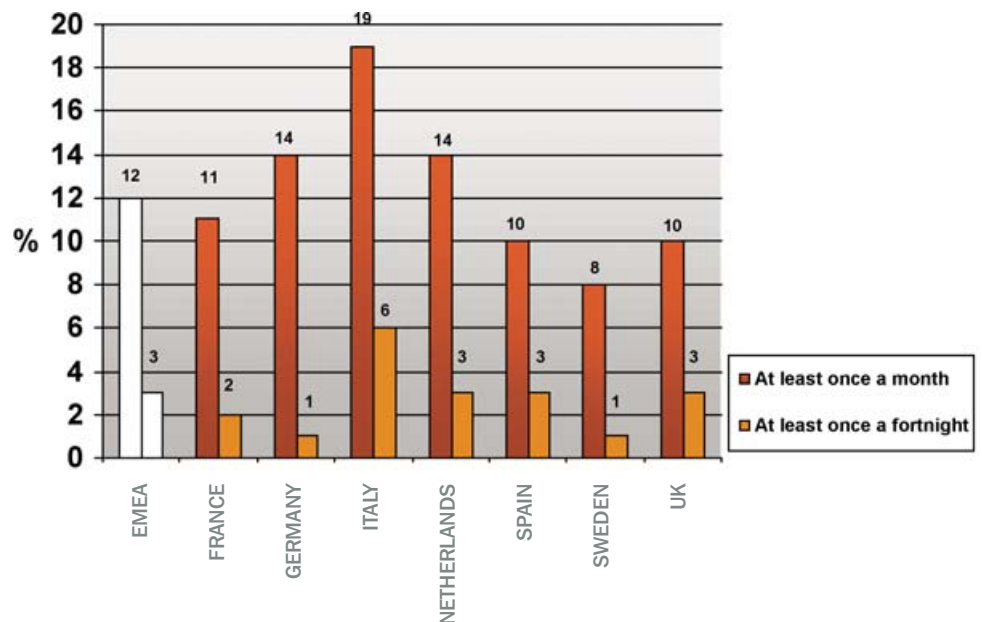


The Statistics:

Section 1: How Much do we Travel?

1. Frequency of International Travel

Percentage of most frequent international business travelers:

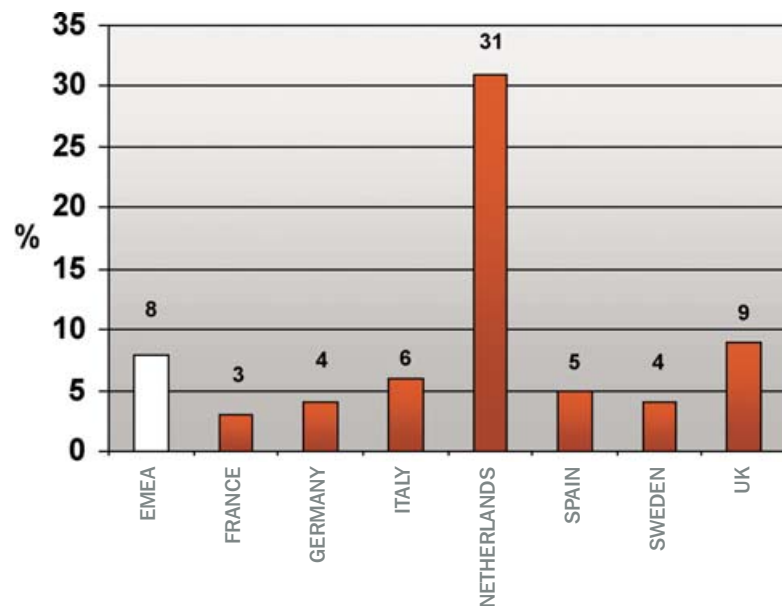


Italians are the most frequent international business travelers, with 19% traveling at least once per month, compared with only 8% of Swedish respondents traveling that often. Six percent of Italians also traveled at least once each fortnight, compared with just 1% of Swedish and German respondents.

It may not be a coincidence that Italians, revealed as the most frequent international business travelers, are also the most stressed out travelers (see graph 6). With a possible link between the stress experienced by travelers and the frequency of their trips, businesses may well re-evaluate the number of trips they encourage their employees to make.

2. Frequency of Domestic Travel

Percentage of travelers that travel more than once a week on a domestic basis:



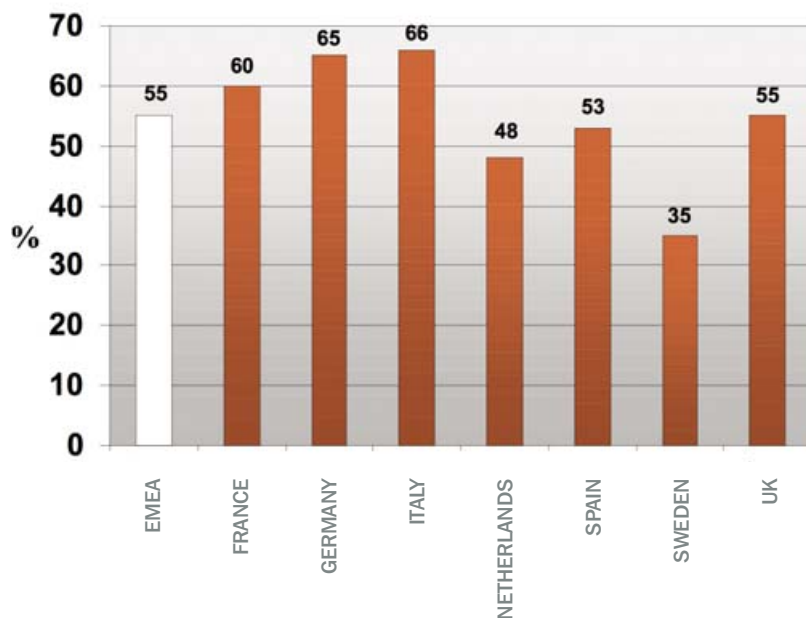
Whilst the Italians make more international trips, among Europeans surveyed the Dutch travel most frequently on a domestic basis. Thirty one percent of Dutch respondents travel within the Netherlands more than once per week. Despite the shorter distance, depending on the mode of transportation, domestic travel could possibly cause even more environmental damage. Frequent travel, such as that represented by the Dutch respondents, also increases the time away from the office and travel-associated costs.



Section 2: Business Travel and Productivity

3. Percentage of Unnecessary Trips

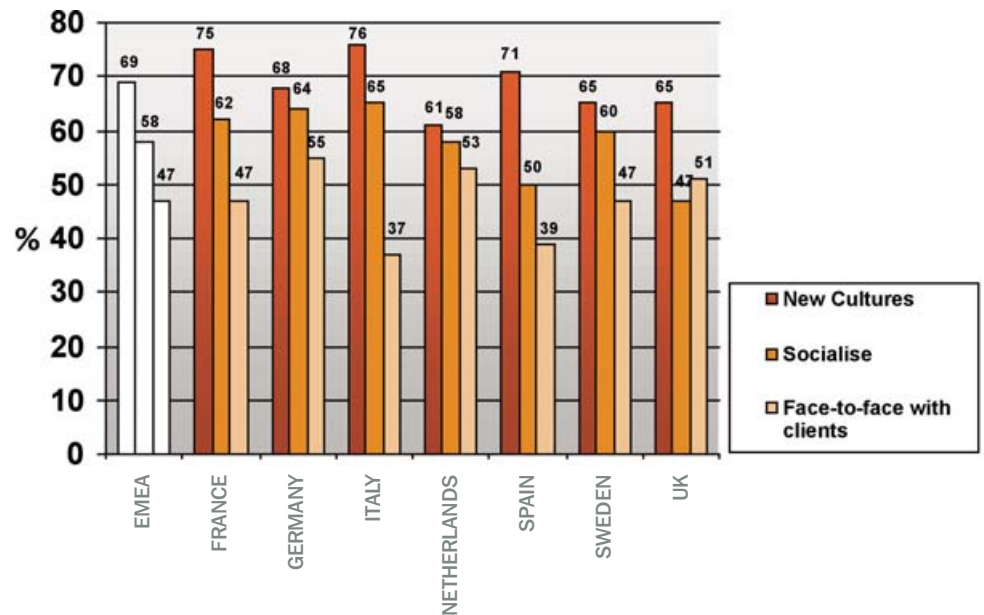
Percentage of business travelers that thought some of their trips were unnecessary:



Across Europe, over half of business travelers admit that some of their trips are unnecessary to their work. Italians featured highest among unnecessary travelers, as 66% of Italian respondents stated that some of their business trips were needless, compared to 35% of Swedish travelers, the lowest percentage. German travelers came a close second with 65%, followed by the French with 60%. The UK had 55% of respondents admitting some travel was unnecessary, equal to the European average, whilst the Netherlands and Spain had 48% and 53%, respectively.

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4. Aspects of Business Travel Enjoyed

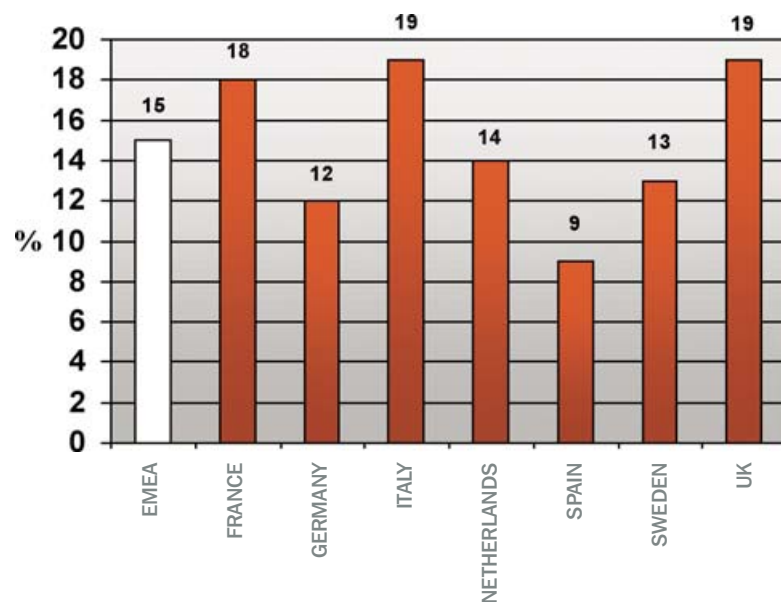


Many Europeans find non-work related aspects the most enjoyable part of business travel. Italian and French respondents in particular find experiencing new cultures most enjoyable, with 76% and 75% responding accordingly. The Italians and Germans had the highest number of respondents saying that socializing out of the office was the most enjoyable aspect. This contrasts with 55% of Germans and 53% of Dutch respondents who said that meeting clients face-to-face was the biggest benefit of business travel.

If the majority of European travelers do not see face-to-face meetings as the most enjoyable aspect of business travel, then companies are likely to ask the question: Why absorb the cost of travel in the first place? If face-to-face meetings can just as easily be held via videoconference, inefficiency caused by business travel can be reduced or even eliminated.

5. Business Travel & Productivity

Percentage of travelers that admitted business travel makes them less productive:



The survey data provides an important warning to businesses that traveling can negatively impact an employee's productivity. The UK and Italy are on par, with 19% of travelers admitting business travel made them less productive in their jobs. They were closely followed by France (18%) the Netherlands (14%), Sweden (13%), Germany (12%) and Spain (9%).

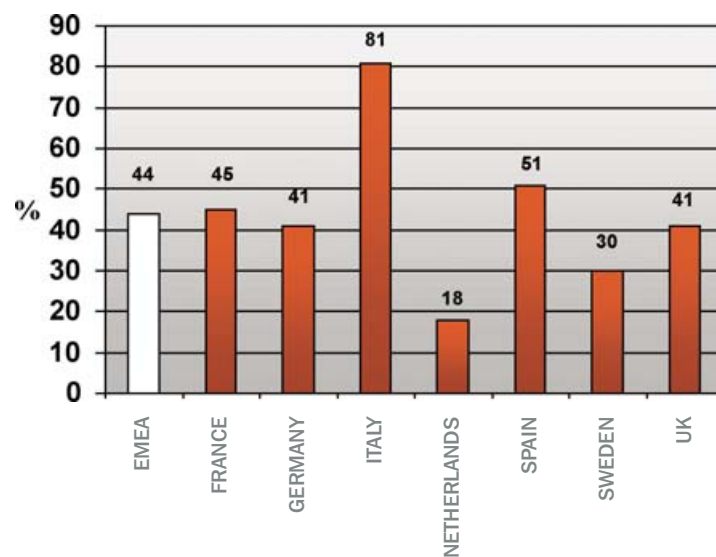
Interestingly in graph 10, the UK and Italy also had the highest percentage of respondents who said videoconferencing technology could improve their work-life balance. These may be the countries in which videoconferencing could have the most positive impact on employees' productivity.



Section 3: Business Travel and Employee Welfare

6. Business Travel and Stress

Percentage of business travelers that described themselves as stressed out:

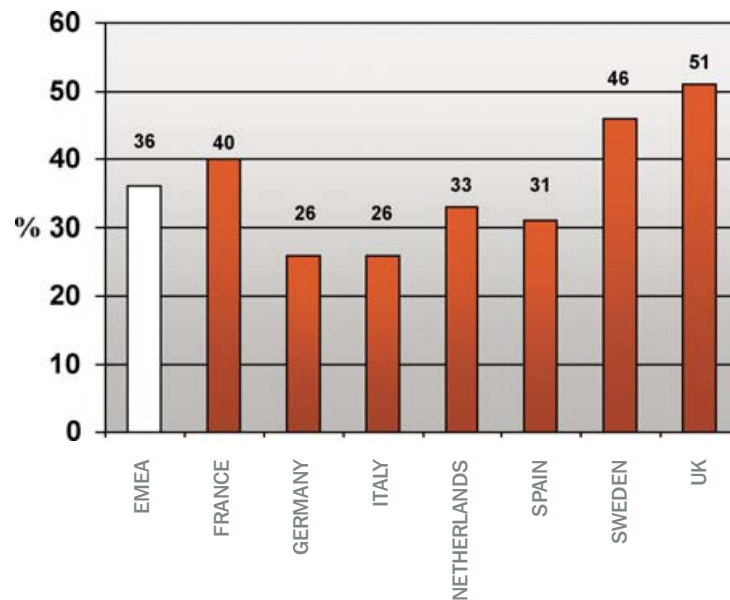


Italy featured highest again when it came to the most 'stressed' travelers. Eighty one percent describe themselves as stressed compared to only 18% of respondents from the Netherlands.

Businesses need to be aware that a stressed employee may often be unproductive as a result. As productivity levels dip, so can profitability.

7. Is Business Travel a Necessary Evil?

Percentage of travelers that saw business travel as a 'necessary evil':

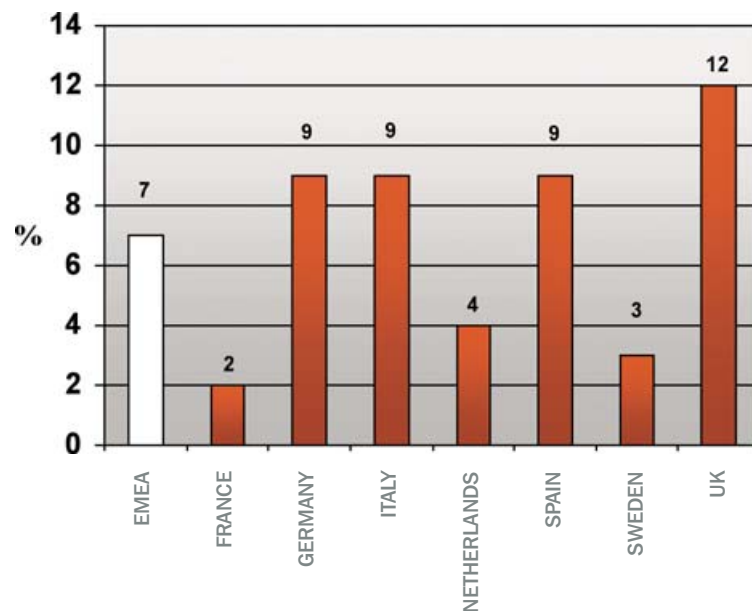


The UK featured highest, with 51% seeing business travel as a “necessary evil”. Sweden came a close second with 46%, followed by France, the Netherlands and Spain with 40%, 33% and 31% respectively. Lowest were the Germans and Italians with 26% each.

Respondents who believe business travel is a necessary evil may not have been exposed to alternative means for face-to-face communication with colleagues. As they become aware of the benefits of videoconferencing, they may readily switch to a more productive, balanced approach to meeting communication.

8. Does Business Travel Increase Employee Churn?

Percentage of business travelers that would consider moving jobs to travel less for business:



In the context of this survey, there is a large level of stress amongst business travelers in Europe. In our opinion, travel plays a key role in creating this stress. These results show stress directly impacts some employees' work efficiency, potentially leading to performance issues (missed targets/deadlines etc.) and further adding to the stressful work environment. But it's not just work that suffers when an employee travels. Travel often means significant time away from friends and family, which, over the long term, has a detrimental affect on an employee's well being.

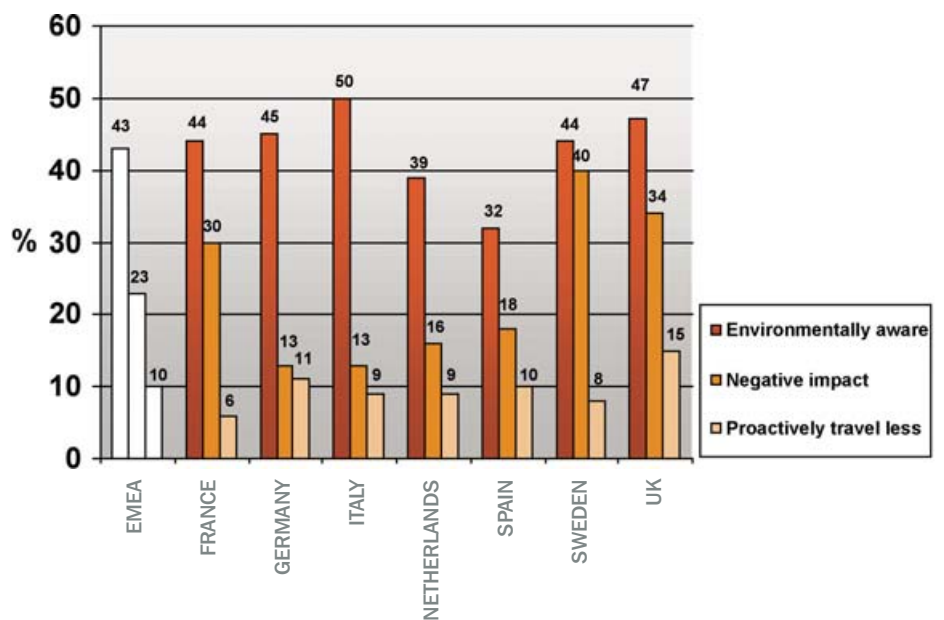
How long will employees be prepared to put up with the demands on their personal life? Whilst the percentage is small (7%) it's significant that a number of European travelers would consider moving jobs in order to travel less. When you consider that it is likely that the people who travel most are often the most senior and often the most key to the business, the implications of this statistic are clear. Organizations need to make sure they address these issues proactively with their employees or risk repeating the costly and time consuming hiring process for those positions.



Section 4: Business Travel, the Environment and the VC Alternative

9. Awareness of the Environment and Impact on Behavior

Percentage of travelers that consider the impact of business travel on the environment:



Among those surveyed, Italy, Germany, France and Sweden have the most environmentally-aware travelers, with 50%, 45% and 44% of respondents from those countries stating that they consider the impact of business travel on the environment. 23% of travelers agreed their own business travel had a negative impact on the environment. However, despite their stated awareness, these travelers failed to put their concerns into action by traveling less often.

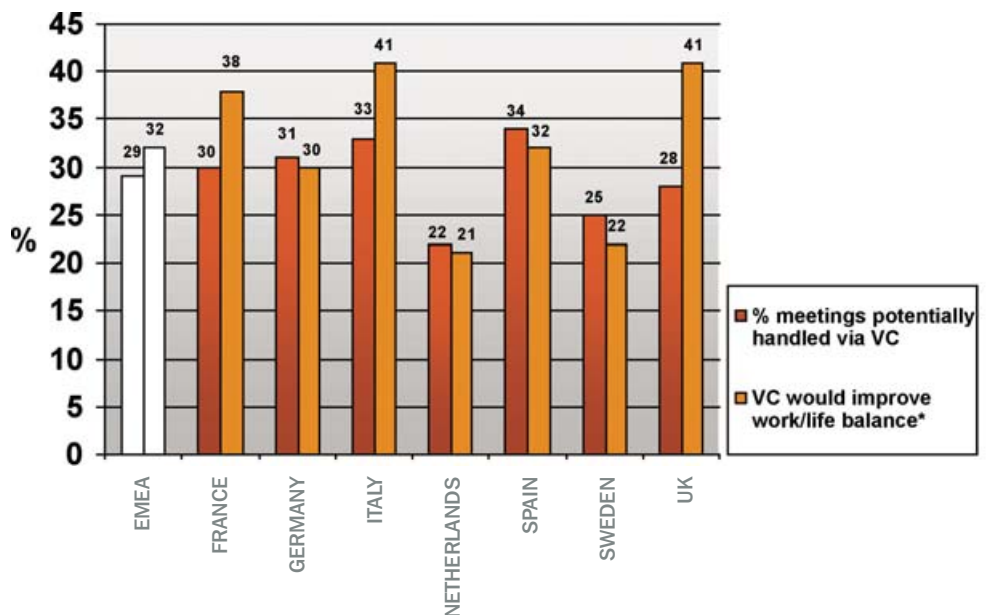
Being environmentally aware is only the first step to solving the pollution problem. As organizations are adopting a greener approach, they will need to take proactive steps to reduce their carbon footprint. “More than three quarters of UK employees now consider it important to work for a company that has an active policy to reduce its carbon emissions.”

[Source: Carbon Trust]

Adopting technology solutions such as videoconferencing, allowing home working, and installing business travel policies are approaches a company can take to reduce its carbon emissions.

10. Views on the Role of Videoconferencing

Percentage of business travelers that think videoconferencing is a good alternative to business travel:



Base: All who have high quality video or who do not currently, but would consider using: All (862), France (129), Germany (108), Italy (143), Netherlands (94), Spain (137), Sweden (121), UK (130)

*Base: Business flyers on panel (Total: 1,403, France: 201, Germany: 200, Italy: 202, Netherlands: 200, Spain: 200, Sweden: 200, UK: 200)

With the spiraling costs and increasing inefficiency associated with business travel, videoconferencing is a viable alternative to many unnecessary trips, according to European travelers. Of those already aware of the videoconferencing option, Spanish and Italian business travelers appear the most ready to adopt videoconferencing on a more regular basis. They felt they could potentially handle 33% to 34% of meetings using videoconferencing technology. Forty-one percent of UK and Italian respondents said that they would welcome videoconferencing as a way to improve their work-life balance.



Business Travel and the Role of Videoconferencing

A key factor for many organizations today is to identify how technology can best integrate with key business processes. In our increasingly global work environment, many processes require individuals to collaborate across multiple locations. To achieve optimal communication, travel-conscious companies are increasingly using videoconferencing technology.

By replacing business travel with TANDBERG videoconferencing technology, organizations can dramatically reduce their carbon footprint as face-to-face meetings can be held without unnecessary travel.

TANDBERG customers have found that videoconferencing can reduce the need to travel by one fifth. Large organizations can replace upwards of 20,000 round trip, short-haul flights with video meetings, saving 2,200 tones of CO₂ from being released into the environment. If smaller companies also address their travel requirements, the overall benefit to the environment will, of course, be that much greater.

For example, the Swedish Customs Service has been able to directly attribute CO₂ emissions reductions to the adoption of TANDBERG technology. “We now hold about 60 videoconferences a month,” said Inge Lindunger, Environment Director. “Those meetings mean a direct reduction in CO₂ emissions by seven tones each and every month.”

Vodafone Best Practices

Global mobile telecommunications company Vodafone has deployed TANDBERG videoconferencing in 50 locations as part of a concerted effort to reduce the time and expense involved with business travel.

In addition to the boardroom and executive office video conferencing systems that are now common in a company of this size, Vodafone has built “video lounges” to encourage small teams and workgroups to use video technology to replace some face-to-face meetings. The video lounges are designed to be easy to use and easy to book.

Vodafone had used videoconferencing in the past. But Dr Armin Hessler, who led the latest deployment in 2004, acknowledges that previous generations of videoconferencing did not achieve their potential: “The quality of transmissions and the user-friendliness of the systems initially left something to be desired.”

The new deployment, using Vodafone’s IP network and based around TANDBERG conferencing units and back-end systems, delivers a higher level of both ease of use and reliability, in order for Vodafone to meet its usage targets.

Vodafone also invested heavily in training on how to make the most of the system, as well as provided a stylish environment for calls, in the form of the lounges. All of these efforts were designed to encourage uptake of the video system.

Vodafone believes that greater use of videoconferencing will cut travel costs globally by 30% in three years, and that the investment will pay for itself within a year. But the benefits are not just financial.

“The decision to use video meetings has benefited our employees’ quality of life,” says Dr Hessler. “Of course visual communication does not replace a face to face meeting 100%, but it does come very close.”

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Face-to-Face

As much as 93% of communication between people is determined by non-verbal cues such as tone of voice and body language¹. Therefore, face-to-face meetings are indeed essential. Research carried out by Roper for TANDBERG found that face-to-face meetings were more personal and easier to understand than phone or email. Face-to-face meetings were also seen as more productive and the content easier to remember. But, face-to-face does not need to be in person. Videoconferencing is a human-friendly technology that provides the face-to-face communications that people need in order to work together productively, without having to travel.

Using technology rather than traveling to meetings has benefits beyond the environmental savings. A business trip for a two-hour meeting typically entails spending six hours out of the office – time that can be used to boost productivity in the workplace as well as a better work-life balance. For businesses, this means a huge saving on all those wasted hours as well as lower fuel bills and running costs.

The technology allows home or teleworkers to collaborate as if they are actually in the office. This is because it allows a level of engagement, which combats the loneliness factor often associated with teleworking. Workers may be “out of site” but they are certainly not “out of sight.”

Giving employees the ability to collaborate more efficiently and work more effectively from home or remote areas can improve their productivity and helps them find the right work-life balance, which in turn keeps them loyal to the organization. If employees are less stressed and are given the tools to enable them to do their job better, businesses will be able to retain their personnel and see a reduction in recruitment costs. By increasing collaboration, videoconferencing helps build a sense of community in an organization.

¹ - Mehrabian, A. (1981). *Silent messages: Implicit communication of emotions and attitudes*. Belmont, CA: Wadsworth

Convergence

Technology integration especially the convergence of communications tools using IP networks, adds to the Return on Investment potential for videoconferencing. Communications tools that are already in use in an organization, such as E-mail, Instant Messaging, mobile and IP phones, and Web conferencing, can be integrated to create a virtual meeting space for ongoing communication.

With so many tools at hand, business travel then becomes limited to essential meetings only, helping an organization run at its most efficient level.

TANDBERG and the Environment

As a producer of electrical and electronic equipment, TANDBERG is committed to the collection, treatment, recycling and environmentally safe disposal of its technology.

The implications of Corporate Social Responsibility are being tackled within boardrooms across the world, with environmental issues central to the field. International environmental legislation such as the Kyoto treaty and regional regulation such as WEEE and RoHS in the EU are now a reality that the business community must address. Many organizations, including TANDBERG, are accordingly introducing environmental systems to improve and monitor company environmental practice on a continuous basis.

The Waste Electrical and Electronic Equipment (WEEE) Directive, a European legislation, became effective throughout Europe on August 13th 2005. The main purpose of this directive is to isolate substances, which are negative to health and the environment from the cycle of nature and promote the reuse, recycling and other forms of recovery of such wastes so as to reduce disposal.

When customers buy TANDBERG electrical and electronic equipment, they are entitled to:

- Send old equipment for a recycling on a one-for-one, like-for-like basis (this varies depending on the country)
- Send the new equipment back for recycling when this ultimately becomes waste

Companies are becoming more aware of their responsibilities towards the environment than ever before. This partly due to Governmental legislation, the WEEE Directive but also down to the fact that businesses recognize the benefits in being environmentally-friendly.



Conclusion

Overall, the survey findings showed some interesting results that will ring alarm bells for many European businesses. Any preconceptions about their efficiency may be quickly shattered by the potential conflict in travelers' priorities when on business trips.

Businesses will certainly be forced to re-evaluate the benefits of travel and implement suitable travel policies to ensure that employees are working as productively as possible. Not to mention the increasing need to meet tough environmental legislation.

Businesses that implement videoconferencing technology may well find that employees work more productively and are happier, as their work-life balance improves.

Frederik Halvorsen concludes: "TANDBERG is committed to helping organizations run efficiently as well as reducing their carbon footprint. Videoconferencing provides organizations with a greener alternative in order to operate more cost-effectively and have a positive impact on the working lives and productivity of their staff."

TANDBERG offers these tips for an effective travel policy:

1. Ask each employee to consider whether each business trip is absolutely necessary.
2. List specific accomplishments to be achieved by traveling to the meeting that cannot be achieved in any other way.
3. Calculate the 'real' financial costs of the trip beyond just the cost of the flight ticket? Calculate all associated expenses as well as work hours lost.
4. Consider the impact of the trip on the employee from a work-life balance? How could that impact the loyalty of staff?
5. Consider if the meeting could be held via other means such as videoconferencing?

Assessing the Real Impact of Business Travel

For a customized evaluation of how your organization can benefit from using videoconferencing to replace unnecessary business travel, log on to TANDBERG's green calculator. (<http://www.tandberg-business-advantage.com>) You will see how videoconferencing can reduce your costs as well as your carbon footprint.

For more information on the benefits of videoconferencing, please visit www.tandberg.net.