



ROI in Action

How Polycom's Global Collaboration
Network Benefits the Bottom Line

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In late 2008, Polycom, Inc. took steps to ensure its competitiveness in a tough economy. Like many organizations, Polycom cut operating expenditures by targeting cost centers and eliminating any travel that wasn't absolutely necessary. The company realized an immediate return: The travel mandate, affecting all 2,600 Polycom employees, triggered a 30 percent reduction in airline ticket purchases

And that's not all. In the process, Polycom has dramatically intensified its reliance on something it already knew well and used constantly: an enterprise-wide collaboration environment that is arguably the most extensive in the world. That environment allows employees, partners, suppliers and even customers to engage one another through any combination of voice and video communications, content sharing, presence awareness, and instant messaging.

Making more use of its global infrastructure has helped Polycom realize bottom-line benefits that extend well beyond reduced travel costs. They include:

- Improving productivity and streamlining business practices
- Accelerating time to market
- Empowering remote workers
- Reducing carbon emissions

Of course, these benefits aren't new to Polycom, a leading provider of collaboration solutions since 1990. But recently, Polycom's ROI has soared as employees worldwide made greater use of its extensive telepresence, video and voice communication infrastructure to collaborate face to face, no matter where they're located.

In fact, organizations looking for hard evidence of the bottom-line benefits of high-definition (HD) video and voice communications need look no further than Polycom. Here's how the industry stalwart benefits by using its own solutions—and how Polycom's example can be replicated at enterprises the world over.

Polycom's Collaboration Network at a Glance

Operating in 32 countries around the world, Polycom maintains a vast collaboration network that connects 3,500 Polycom systems ranging from HD room and desktop telepresence solutions to the new Polycom® VVX™ 1500 business media phone that combines advanced telephony, one-touch video, and integrated business applications.

The far-reaching network brings together employees in the company's Pleasanton, California headquarters, its sales and marketing offices around the globe, engineering facilities in Texas, Denmark, and Israel, manufacturing plants in China and Thailand, a quality lab in Japan, and even the home offices of hundreds of Polycom employees.

Global Access to Enterprise Infrastructure

Ubiquitous access to the Polycom infrastructure has proven essential to achieving the company's business goals. The Polycom Converged Management Application™ (CMA™) Desktop solution, which can be installed onto a laptop and used anywhere a network connection is available, is particularly influential. The Polycom CMA Desktop solution has cost-effectively and easily brought video communications to employees throughout the world.

"With [Polycom] CMA, our level of communication increased dramatically," says Fred Franz, senior director, worldwide Facilities and Real Estate, whose geographically scattered team manages 65 Polycom properties worldwide. "Everyone on my staff has [Polycom] CMA, and with our laptop-centric culture, the impact has been huge. I've been here eight months, and I still haven't met 60 to 70 percent of my staff in person. Yet I've built a real rapport with them, because I see and talk with them constantly on video."

Polycom ROI Snapshot

Cost Savings

30 percent. Reduction in airline ticket purchases.

\$5.6 million. Annual overhead saved from having 13 percent of employees work from home (at \$17,000/employee).

\$1.2 million. Benefit of online and video-based sales training vs. traditional classroom sessions.

\$380,000. Industry Solutions Marketing team's annual savings from collaboration solutions.

\$258,224. Annualized hard travel costs eliminated by conducting APAC quarterly review via video

Cutting Costs by Eliminating Travel

Collaborating via telepresence, video and voice saves Polycom money every day. Few people appreciate this more than Hansjoerg Wagner, vice president and managing director of Polycom's Asia-Pacific (APAC) region. Wagner manages hundreds of Polycom employees working across eight time zones.

Saving \$5,000 a Trip

Relying on Polycom's collaboration network has enabled APAC employees to reduce travel-related budgets by nearly 35 percent, and Wagner has seen his own travel expenses drop by more than half. "I have 11 direct reports in eight different locations across six countries," explains Wagner, who conducts one-on-ones and staff meetings over video.

Recently, he extended that strategy to meetings with partners. "A typical partner meeting would cost \$5,000, not to mention two nights sleeping on "red-eye" flights there and back. That was the standard process just to spend an hour in the same room," Wagner says. "Yesterday, I did that same meeting—but from my home office here in Phuket, Thailand. We did it with HD telepresence systems and had a brilliant, engaging 90-minute meeting. The whole thing didn't cost me a cent, really."

Avoiding travel in APAC is particularly advantageous, says Sue Day, the Singapore-based APAC marketing director, because the territory is so immense. "I used to spend 80 percent of my time traveling."

Polycom's Top Uses for Video Collaboration

- Team meetings – 93%
- One-on-ones – 75%
- International collaboration – 60%
- Planning and project mgmt – 58%
- Partner communication – 32%
- Performance reviews – 27%
- Sales calls – 26%
- Customer support – 21%
- Recruiting and interviewing – 19%

Percentage of respondents citing primary uses for video collaboration in 2009 Polycom employee survey

Quarterly Reviews Now Using Video

Travel costs historically tended to spike each quarter as division heads brought employees together for quarterly business reviews (QBRs) designed to keep teams focused on key objectives. But that's a thing of the past. In 2008, APAC's Wagner began using HD immersive telepresence to join 30 senior managers in an APAC QBR.

In the first quarter of 2009, the virtual approach saved Polycom \$35,537 in airfare, \$16,320 in hotel costs, daily expenses of \$10,800 and \$1,899 in land transportation costs—for a total of \$64,556.¹ The company also saved \$151,000 in executive salary by sparing attendees from losing 1,510 hours to travel.² Together, that's more than \$200,000 per quarter—or \$800,000 on an annualized basis.

Smarter—and Profitable—Sales Training

Using Polycom solutions has helped the sales training organization spare the company more than half a million dollars in estimated travel costs.

Jeff Everton, worldwide sales enablement training manager, spearheads the effort to train the company's global team of 700 salespeople and their managers as the company implements an intense, solutions-focused sales strategy. "A traditional instructor-led program would have taken place in

Singapore, San Jose (Calif.) and London, and would have cost \$1,500 a student," says Everton. But by implementing a curriculum that blends self-paced online training with interactive videoconferences and limited in-person classroom sessions, the average cost per student has plummeted to \$677.

Those savings quickly add up. In two months, Everton's team trained 439 employees—roughly 62 percent of Polycom's global sales organization. By reducing airfare and hotel costs, the program saved the company an estimated \$384,986. By the time all 700 salespeople complete the program, those savings are expected to reach \$626,017. And that doesn't include the \$17,349 Everton's team has saved by reducing its own travel. Nor does it account for ongoing savings from smaller-scale training programs.³

Polycom ROI Snapshot

Productivity Gains

8,300 hours. Travel time eliminated with video-based sales training.

5,800 hours. Commute and travel eliminated through 10-member Industry Solutions Marketing team working remotely.

1,500 hours. Time saved by APAC virtual quarterly review – equal to \$151,000 in executive salary.

Improving Productivity

"When you send people out for training, you lose two to four days to travel and jet lag," says Everton. "Throw in the actual class time, and I'm out for up to two weeks. Meanwhile, I have to take hundreds of salespeople out of the field for classes, and they had to travel there as well. How much lost productivity is that?"

Reclaiming Four Years of Work Time

As it turns out, it's plenty. By Everton's calculations, Polycom's blended training program has already saved 4,788 hours of employee time that otherwise would have been spent traveling.⁴ When the program reaches all 700 salespeople, productivity gains will have topped 8,300 employee hours.

Based on a 40-hour week, that's more than four years of work time reclaimed and put to productive use, saving Polycom roughly \$600,000. Add to that the savings of \$626,017 in hard costs, and the overall bottom-line benefit jumps to \$1.2 million.

Better Meetings, More Productive Employees

"Salespeople in particular feel the heat from lost time, and the last thing they need is to drive on Europe's congested roads and or fly off to internal meetings," says Ian Holloway, vice president of Global Accounts in Polycom's Europe, Middle East and Africa (EMEA) sales territory. Instead of hosting in-person quarterly gatherings, Holloway uses video to collaborate with his team of 18 every week. "We disseminate sales activities,

share approaches and stories, and communicate information from the market, analysts and headquarters. In addition we regularly connect face-to-face for one to one updates. As a result I have an aligned, confident, productive, and happy team.”

Glenn Noga, who heads IT at Polycom, takes a similar approach when dealing with IT service and product suppliers. “We ask all of our key suppliers to be video-enabled,” Noga says. “Eliminating travel makes it possible to get all key executives from our suppliers involved. The meetings are much more productive because all of the decision makers are present. Both sides also save the time and money associated with traveling.”

As senior vice president and chief marketing officer at Polycom, Heidi Melin typically spends five hours a day on video. “Of my 12 direct reports, only two are here in Pleasanton,” she says. “The rest are literally all over the globe. There is no other way to effectively operate than on video.”

Melin’s story is typical at Polycom. So is her workday: “Yesterday I participated in our executive staff meeting for three hours, had a “touch base” with an employee in San Jose, did a video call with a sales rep in Texas, had a one-on-one with Singapore and then another with Slough, U.K. And because it was all via telepresence, I still was able to go home and have dinner with my family.”

Reaching First for Video

For employees like Craig Lynar, vice president of global customer marketing, meeting over video “is pretty much a default setting.” Lynar says reaching first for video is ingrained in the company’s culture. “If I need to have a serious conversation and brainstorm with someone, or if we need to share content or whiteboard information, we’ll do a video call.” Lynar says 70 percent of his communications take place via multipoint video calls.

Measuring the Reach of Collaboration

Recently, 430 Polycom employees provided information about their use of the company’s collaboration network.

Among the results:

- 88% use video during their workday
- 24% increased reliance on video by 25-50% in the last year.
- Key reasons for collaborating via video:
 - Maintain rapport with remote colleagues – 89%
 - More productive – 84%
 - Read body language and facial expressions – 82%
 - Ensure clear communication – 80%
 - Time and hassle of travel – 69%
 - Travel budget limits – 68%
 - Make decisions faster – 73%
 - Share content – 56%

Source: Internal Polycom employee survey:
April-May 2009

He isn’t alone. In the first two weeks of April 2009, Polycom’s IT group administered 6,961 video calls potentially involving more than two employees—and sometimes as many as 30 or more. Because IT doesn’t track all video calls, the true tally is likely much higher.

In a recent companywide survey conducted by Lynar, nearly nine in 10 Polycom employees report their workday includes video collaboration, while one in four say they’ve increased their use of video by 25 to 50 percent in the past year. (See sidebar.)

Employees can always participate in the audio portion of multipoint calls from a mobile phone or landline, and they can view shared content using a Web browser and Microsoft Live Meeting. But most say the ability to physically see colleagues leads to faster insights.

“So much of communication is visual,” says Hansjoerg Wagner, the executive in charge of APAC. “Here in APAC, where many people aren’t comfortable admitting they don’t understand you, visual feedback is essential to communicate effectively.”

Recruiting and Hiring Transformed

The global Polycom infrastructure also has transformed the way the company recruits and hires new talent. As director of human resources and global staffing, Steve Quakenbush has seen video take an ever-larger role in recruiting. He estimates seven of 10 candidate interviews are conducted over video.

In 2008, Polycom sought to hire a regional HR director for its high-growth APAC region. “APAC is a huge theater for Polycom,” says Quakenbush, “so the fit had to be phenomenal.” The recruiting team found what it needed in finalist Helen Loh. “Instead of flying Helen to the U.S. for five days and risking her existing job with a long absence, she never left Singapore. We saved probably \$10,000 in travel expenses, and she still managed to conduct 10 face-to-face interviews all over HD video. Helen’s been a valuable hire, we have great rapport, and we see each other constantly. But I’ve never actually shaken her hand.”

Now, Loh herself does the same to fill positions in China, India, and Singapore. “In hiring an HR business partner in Beijing, we used video to interview two short-listed candidates, both based in Beijing. With video, the process moves along a lot faster, but we still get to look candidates in the eye.”

Quakenbush says Polycom’s environment offers another benefit for recruiters. “When I ask a candidate, ‘What would you think of having face-to-face meetings with your global teams every day?’ they think it’s a dream, because they understand what a productivity killer an airport can be. But at Polycom, that’s something we do every day.”

Accelerating Time to Market

By streamlining its business processes, Polycom can bring products to market faster. Bob Steele heads a worldwide

operations team of 300 people that manages Polycom's supply chain: everything from sourcing parts to product build, to global logistics and sales order management and fulfillment. "We operate 24 hours a day, around the world," says Steele, who relies on video communications to coordinate operations internally with his dispersed global team, and externally with manufacturing partners like Celestica.

"We'll conduct QBRs with team members from Celestica, who participate from their own sites in Song Shan Lake in China, and in Thailand, Singapore, and Hong Kong," says Steele. "Our people from those locations and locations across all USA time zones will also join in which puts us all in the same place with zero travel. The advances in Polycom's conferencing infrastructure products enables outstanding interaction among the participants across the dimensions of voice, video and content sharing. It lets us efficiently work through any issues that might impact the supply chain. I honestly don't know how people do this without video."

From China to the World

Collaboration has helped Polycom develop and deliver products for price-sensitive markets like China and India. Constantly communicating over video enabled managers at the Polycom Communications Technology Center in China to match customer needs with price points that were low enough to compete there.

The efforts resulted in two new products that, while designed for Chinese customers, were eventually rolled out worldwide. "The products fit China's video conference culture, which is generally a top-down model where management drives the content and agenda," explains APAC's Wagner. "It turned out these products were ideal for pushing and streaming information to a large audience—and that's a capability that has value in any region."

Building a New Office from 6,000 Miles Away

With a new Polycom sales office under construction in Beijing, Fred Franz of the facilities group agrees that Polycom's collaboration network helps him get things done faster. "One thing Polycom lets you do is have HD video and voice alongside live HD content that you can share with others," says Franz. "So rather than having to be in Beijing every few weeks, I can work with my facilities manager there to review floor plans and sort out problems with the design. I have two screens, and I can see her on one and an AutoCAD file or PDF or a photo on the other. It's like I'm right there."

Franz says video communications helps keep construction delays to a minimum. "If there's a major space planning issue, it doesn't have to wait until my next trip to China. We can connect that day and walk through the floor plan, rather than trying to talk through it. When I hang up from these sessions, I think, 'Fred, you just saved yourself a bunch of time and effort.'"

When Every Minute Counts

For the worldwide operations unit, the final weeks of every quarter are hectic as customer orders must be filled by quarter's end.

"Just like many companies, our end-of-quarter is always busy," notes operations chief Bob Steele. "But we have the competitive advantage of getting face-to-face with everyone in the process to make sure we deliver products on time. What orders do we have? Where's the inventory located, and where is our supply short? These people are located around the world, but they're all involved in making the process happen. Video gives us that extra edge."

A More Agile Workforce

With more effective communication has come a more agile workforce. Thirteen percent of Polycom employees work primarily from a home office, and another 32 percent say they telecommute at least once or twice a month. Thanks in part to the deployment of the CMA Desktop solution for laptops, nearly six in 10 Polycom employees have videoconferencing capabilities at their homes.

"The wide scale of Polycom solutions makes it possible for anyone at home to collaborate as effectively as someone sitting in a boardroom," says APAC's Wagner, who collaborates with colleagues via HD video and audio from APAC's Singapore headquarters and from his home office in Thailand. "My right-hand man is an American working from Perth, one of the most remote spots in Australia. Yet he might as well be right next door."

Teleworking Saves Over \$6 Million

Franz estimates that, on average, Polycom saves \$17,000 a year in overhead costs when employees work primarily from home. With 330 home office-based employees, that's an estimated savings of \$5.6 million annually.

One group that exemplifies how collaboration empowers remote workers is the 10-member Industry Solutions Marketing team. Made up of experts in various vertical markets and industry segments—from healthcare and education to pharmaceuticals and finance—the team operates remotely from around the world.

Bob Preston, vice president of industry solutions, says his group works efficiently because they work together. "Weekly staff meetings by video keep all of us updated on the team's activities," says Preston, whose group overlays the efforts of account managers and channel sales teams worldwide.

Take it from Brian Gilman, global director of enterprise solutions: "Last week, I met with a customer in Boston, ran through ROI calculations for an account in France, and had meetings with partners in New York, Canada, and Tennessee. Without video, a team our size simply could not get this done on a global scale."

Meanwhile, the group's "virtual team" approach delivers results that are anything but virtual. By reducing or eliminating commuting costs and substituting in-person meetings with the use of telepresence, Preston estimates his team annually saves more than \$380,000 and 5,800 hours of productivity.⁵ (The team generates above-average savings because its members are located throughout the world.)

The Ability to Hire the Best

Because even home-office workers can work with colleagues on a face-to-face basis, Polycom's collaborative culture delivers yet another return: the ability to hire people based on their skills and expertise—not on their proximity to headquarters.

Marc Weedon, senior director of HR for EMEA, says the ability to hire anyone, anywhere gives Polycom an edge. "Candidates see the benefit of video collaboration the instant they start the interviewing process. They think, 'I don't have to keep flying back and forth to the home office. I can actually spend more time with my family.' This puts us in a great position as the potential employer. We get the best people, and they're motivated to work for us."

Polycom ROI Snapshot

Carbon Savings

513 metric tons. Total CO₂ saved by reducing travel from APAC quarterly review, sales training, and Industry Solutions Marketing efforts.

171 cars. Equivalent annual source of 513 tons of CO₂.

Reducing Carbon Footprint

The benefits don't stop at cost savings and productivity gains. Reduced travel also means fewer carbon emissions—an increasingly important concern for today's enterprises striving to minimize their environmental impact.

Polycom's recent initiatives offer insights into how steps like these can help organizations "go green:"

- APAC's QBR, conducted over video with minimal travel, saved an estimated 24 metric tons of carbon emissions.⁶
- Using collaborative video to train the worldwide sales team will save an estimated 374 metric tons of carbon emissions.⁷
- The Industry Solutions Marketing team's teleworker model saves 115 metric tons of carbon emissions annually.⁸

Just these three activities reduce Polycom's carbon emissions by an estimated total of 513 metric tons—or the equivalent of removing 170 cars from the road every year.⁹

Building an Infrastructure for the Future

As collaboration grows even more prevalent throughout the company, and as more employees are equipped and empowered to work from home, Polycom will continue to lower its carbon footprint. Meanwhile, the ROI from its reliance on HD telepresence and videoconferencing will keep growing.

"We're building the infrastructure to support ubiquitous use of video collaboration throughout the company," says CIO Glenn Noga. "Every desktop, conference room, and phone will allow people to access voice, video, and content. When you really look at the benefits, why wouldn't you do it?"

Deploying a Collaboration Network Infrastructure

With upfront planning, any enterprise can deploy a collaboration network to achieve the cost savings and productivity improvements realized by Polycom. To build a collaboration environment like Polycom's, consider these factors:

- **Collaborative culture.** The benefits of collaboration grow as more employees adopt use of the equipment. Adoption of video and data collaboration by employees can be accelerated by training, standardized equipment setup, and having support available.
- **Teleworker policies.** Companies save money when employees work from home, but it's vital to assess teleworker eligibility, clearly communicate expectations, equip workers with the right tools, secure data, and establish and maintain accessibility.
- **Network Infrastructure.** Reviewing existing bandwidth and network equipment. Most network routers and switches deployed over the past 4 years are capable of handling video collaboration traffic. If new equipment is needed, select equipment that can scale as video use grows. Determine the amount of video traffic that between sites. Add the video traffic to existing IP traffic to check if the network bandwidth is sufficient.

For more information

To find out how Polycom can help your organization cut costs, heighten productivity, streamline business processes, empower teleworkers, and lower your carbon footprint, visit www.polycom.com or call 1.800.POLYCOM.

Endnotes

¹ Based on 27 coach and 3 business round trip (RT) airfares to Phuket, Thailand from 10 APAC, 1 Middle Eastern and 2 US cities; 4 nights hotel/person @ \$136/night; land transportation includes RT travel from home to airport, airport to hotel and airport to home.

² Transportation and waiting time for 30 participants: 1509.50 hours.

³ Based on 439 participants, each costing average of \$1,500 plus daily T&E of \$225. Savings per region: 125 in APAC @ \$1503.50/ea; 102 in EMEA @\$511/ea; and 19 in CALA, 22 in Canada and 169 in US at @ \$1661.60/ea. Instructor savings estimated at \$7,301 and for APAC; \$4,541 for EMEA; and \$5,507 for Canada/CALA/US.

⁴ Based on training program duration of 16 hours, with total productivity savings of 2,531 hours for APAC attendees; 1,040 hours for EMEA; and 4,788 hours for Canada/CALA/US.

⁵ Telecommuting savings total \$301,786, with additional travel cost offsets totaling \$81,426. Productivity savings from telecommuting total 4,879 hours, with an additional 931 hours saved by eliminating other travel.

⁶ 24.15 metric tons CO₂ saved by eliminating 30 round-trip flights.

⁷ APAC CO₂ savings: 119.7 metric tons EMEA CO₂ savings: 20.2 metric tons; Canada/CALA/US CO₂ savings: 234.1 metric tons

⁸ Team members reduced carbon emissions by 87.5 metric tons via telecommuting and another 28 metric tons by replacing other travel with collaboration.

⁹ NativeEnergy.com carbon calculator http://www.nativeenergy.com/pages/an_inconvenient_truth/29.php?afc=climatecrisis

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