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# Telepresence: coming to a screen near you?

Martin Courtney, Computing 10 Mar 2010

The age of being able to initiate a life-size videoconferencing session with a colleague, customer or business partner at the touch of a telephone or mouse button is perhaps dawning. But before things can really take off, telepresence equipment vendors still need to iron out interoperability issues while carriers must join forces to build global videoconferencing exchanges.

And before that happens, both have to be certain there is enough corporate interest in, and critical mass behind, the technology to make their investment worthwhile, something that depends in turn on whether enough corporate buyers see the value in paying up to £10,000 per month leasing managed telepresence services.

International electronics giant Philips believes that cost can be justified against money that would otherwise have been spent on executive flights and hotel bills. It has been using a managed videoconferencing service from BT based on Cisco's telepresence platform for the past couple of years, with 24 dedicated telepresence studios now installed within offices around the world.

Dennis de Poorter, project lead for Connect Meeting at Philips IT Infrastructure, said the company had aimed to shave 20 per cent off the cost of air travel, hotels and daily allowances associated with sending its executives to meetings at other offices. Philips also uses its telepresence rooms, which accommodate as many as 18 people, for classroom training, which saves having to fly in staff for tuition sessions.

"The current economic environment actually made telepresence more worthwhile, and the idea was to bite the bullet and invest at the time knowing it would save us [money] in the long run," he said.

De Poorter estimates that there has been an average 25 per cent reduction in travel costs at locations using telepresence.

Philips has set up a complex reporting system that identifies where videoconferencing is yielding return on investment (ROI), which involves telepresence meetings being set up exclusively by secretaries, administrators and other authorised facilitators.

"This means we can always track how many people are in the telepresence meeting, how many of them are saving the cost of a flight if any, and to which organisation that saving can be attributed," said de Poorter.

Richard Norris is practice consultant and executive director at Wainhouse Research, focusing on the unified communications and rich media conferencing markets.

“Everybody adopts videoconferencing or telepresence on the basis of cost savings which are easily quantifiable,” he said. “But organisations with a degree of maturity of visual collaboration have never measured their ROI on this equipment, just as they do not measure the ROI of telephone systems, mobile phones or PCs – it is seen as an intrinsic business tool that is critical to the success of the company.”

Philips did not divulge exactly how much it pays BT for its telepresence services, but the carrier did provide generic figures. One example sees a customer paying €402,500 (£365,654) per system over a three-year period (£10,129 per month) for a managed telepresence service based on the top-of-the-range Cisco CTS-3200 system. This system accommodates up to 18 people in a specially designed room that includes tables, high-definition cameras, microphones and speakers, lighting, collaboration interfaces, and three 1080p flat panel displays.

Based on an average 18 per cent utilisation rate for each telepresence system, this saved €1,000 per month per system in travel costs, but only when the company had installed 18 systems worldwide.

Clearly the more people and locations that use telepresence rooms, the quicker the payback will be. De Poorter said Philips has defined a target daily occupation rate for its studios of 40 per cent between 8am and 6pm, which it is “scratching at now”, with some locations up to 70 per cent already.

#### Quality is key

Ignoring the cost, de Poorter said it was the quality of the telepresence system, designed to give participants the impression that they are physically in the same room when they are often thousands of miles apart, which sold the project to the Philips management.

“The board did not require much persuasion on the financial side to be honest – what was important was the quality. We knew if we could get them to see it, they would believe it and they would buy it,” he said.

“Seeing is believing was the key factor, and the moment I stepped into a room like this, I knew it was a winner,” added Nico Hofman, from Philips IT infrastructure’s program network and telecom division.

When I conducted an interview for this article with Philips IT staff in the Netherlands via a Cisco CTS-3200 telepresence studio located at BT’s offices in London, I was impressed by the system’s audio and video quality, and connection reliability. But each telepresence system used by Philips uses a dedicated network link to avoid interference from other applications across its local or wide area networks, something that ensures performance but also bumps up the cost.

With the advent of IP-based services, videoconferencing sessions became much easier to set up, connect and integrate with other software applications, something which has transformed the end user experience.

“Binding 128k ISDN channels together was complex. The quality was not good and the end user experience was unsatisfying,” said Cisco business development manager

Guy Reavley. “Telepresence has taken away that complexity and can be initiated using a concierge-type service based on a push-button phone to start the session, provisioned through MS Outlook or Lotus Notes. You have a managed quality of service, and a helpline if it is not working.”

So what’s holding the technology back?

Hofman said that Philips would save more money if company executives and sales staff could use telepresence to communicate not just with colleagues, but also with customers and business partners around the world, irrespective of the brand of videoconferencing system or service provider they use at their end of the link.

“I want an open network where I can dial up a partner wherever they happen to be, and it is the inability to do this that is holding [telepresence] back,” he said. “We are at the starting phase where we are currently waiting for the BT exchange to be connected to those of the other providers, such as AT&T or Orange, and it is crazy that we have to pay four to five times as much for a connection in Dubai, for example, than we do in Europe.”

In some cases, Philips IT staff find that telepresence systems have been set up on both sides, but cannot connect because of the ISP set-up or differences in the interface. Even the cultural bias in favour of doing business face to face can prevent connection.

“We have talked to Unilever and other business partners and said ‘let’s communicate via telepresence’, but we hardly get any response, even though we know they have systems like this,” said de Poorter. “They are still doing business the way they are used to.”

Cisco and other telepresence vendors are working to make their systems interoperable, an endeavour greatly assisted by Cisco’s acquisition of Tandberg and ongoing partnership with Polycom.

When they first appeared, telepresence systems were based on proprietary technology where one manufacturer’s system would only talk to an identical one, something which Reavley said is still the case with HP’s Halo telepresence suite, for example.

There are also problems around creating a global telephone directory of interconnected carriers able to link up different telepresence systems.

“The connectivity and technology piece is no longer a problem, it is more a question of the business or economic drivers behind getting widespread adoption,” said Ben Hobby, general manager for BT videoconferencing. “We have been trying to set up a BT global video exchange over the past couple of years, but we have found it a real challenge to get other service providers to connect to us.”

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