



WHITE PAPER

Measuring and Maximizing the ROI of Enterprise Video:

Practical Tips for Justifying the Costs of Streaming Technology Deployments

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Return on Investment – The Cornerstone of Enterprise Video Implementation

Streaming video is one of the most engaging technologies that an organization can put to work. Corporate leaders can use streaming and webcasting to deliver a single, consistent message to employees globally in real-time and/or on-demand. Trainers can leverage it to enhance the worker instruction process. And marketers can employ video to broaden the reach of online product launches, enhance and lead-generation campaigns, and make their websites more engaging.

As is the case for many technologies used in the enterprise, building the business case for streaming video usually comes down to three simple words: Return on Investment. Executives and streaming evangelists alike constantly search for ways to quantify ROI, providing tangible proof that the money put into streaming solutions produces a worthwhile and measurable payback

Certainly, streaming video is not immune to the basic laws of economics. If the technology does not help a company increase revenues, improve employee productivity or cut expenses, few executives will commit time and resources to deploying it. Indeed, in a survey of 1,201 executives conducted by Wainhouse Research in the fourth quarter of 2014, more than nine out of 10 respondents from companies spending more than \$100,000 per year on video streaming technologies describe “return on investment” as having an important influence on their purchase decision process (Figure 1).

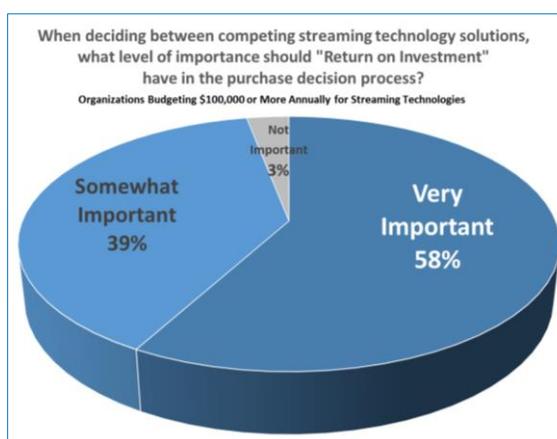


Figure 1- Level of Importance Attributed to "Return on Investment" in Streaming Purchase Decision - Respondents from Organizations with Annual Streaming Budgets of \$100,000 or

But while many can agree that measuring ROI is important, little consensus exists on just how to gauge the effectiveness of these solutions. When asked in the Wainhouse Research survey to identify factors “very important” in gauging the effectiveness of presentations and meetings that incorporate enterprise communications technologies, respondents from the Information Technology department most frequently cited the ability to “improve productivity.” Corporate trainers, in contrast, most often cited the issue of “cut travel expenses.” Indeed, when it comes to evaluating the ROI of streaming video, the favored metric is specific to each business discipline and use case for the technology.

This report is designed to provide practical advice for executives who want to put streaming to work but wrestle with the challenges of justifying its value after deployment. All corporate champions of streaming deployment want to prove how the technology can pull its financial weight. The path to achieving this lies in understanding the variables that impact ROI evaluation. Some of the metrics discussed in this report may vary based on whether you use online video for live or on-demand applications, but the economic principles remain the same: Identify business value generated by streaming deployments and measure it against the costs of implementing these technologies.

Universal Metrics for Streaming ROI Evaluation

When tallying up the benefits of enterprise video, a handful of issues repeatedly emerge as top-of-mind metrics for demonstrating the value generated by the technology. Consider the following factors as “the low-hanging fruit” that can be applied to virtually any deployment to provide tangible evidence of streaming’s impact on an organization.



Pushing ROI Further

Use streaming for more than just large corporate events or training sessions. If the technology is simple enough, with easy-to-launch sessions at the department or team level, it can generate tangible savings, especially when the recordings are re-used later on for onboarding new employees.

ROI Building Block #1: Cut Travel Expenses

Any technology solution that can help eliminate employee travel, especially for large global companies, can create substantial cost savings. Online video can be used to deliver a consistent message in an engaging manner, allowing employees to forego road trips to attend in person company meetings, summits, and training sessions. The savings realized from keeping employees off of airplanes and out of hotel rooms, taxis, and rental cars are substantial, and grow exponentially when re-used numerous times over an extended period for onboarding employees.

ROI Building Block #2: Save Employees’ Time

Beyond the hard-dollar expenditures associated with travel, employees also save time – and, hence, are more productive – when they stay close to home. Employee time wasted in airports, waiting in security lines and then dealing with flight delays, all adds up. Calculate how much time workers spend in transit and estimate the value of the work that employees could have completed in that time. One easy method is to tally the total salary and benefits paid to workers for time on the road beyond the time spent actually engaged in training sessions.



Pushing ROI Further

Consider the value associated with time-shifting business communications. Attending a live event may conflict with other job duties. On-demand alternatives enable employees to view the same message at a more convenient time



Pushing ROI Further

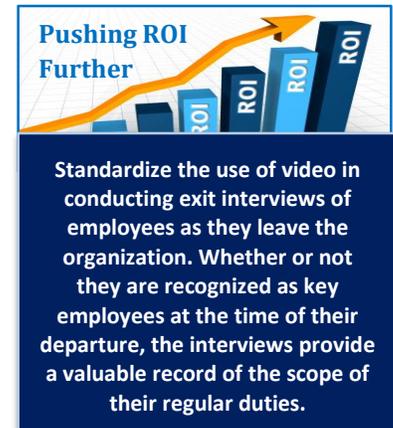
Leverage streaming to increase the frequency of top executive messaging to employees. Repeated communications gives workers better understanding of the management’s vision for the organization. This helps boost productivity.

ROI Building Block #3: Recognize Value of Presenters’ Time

In addition to employee salaries, consider the strategic value that comes from extending the reach of a single presentation by an executive or a training instructor. Rather than having a top executive or an expensive training resource travel from company location to company location to deliver a consistent standardized message, all employees can access the same content via a single video production, streamed live or viewed on-demand. By reducing the time needed to communicate their message, executives can focus more attention on addressing their primary business tasks.

ROI Building Block #4: The Preservation of Institutional Knowledge

Specialized information is the lifeblood of many organizations. Established practices for handling production snags on the factory floor, for instance, are handed down from shop veteran to rookie and can play a key role in keeping a production line rolling. These solutions sometimes are developed only through experience – experience that can suddenly disappear if a key employee leaves the company for any reason. Streaming video is a tool that organizations can use to capture the unique set of knowledge held by workers and institutionalize the employee-to-employee sharing of that information. Consider the ROI of preserving institutional knowledge by comparing it to the cost of insurance for your operations. Identify at least a portion of your total bill for insurance designed to mitigate the cost of a catastrophic event at one of your facilities. When institutional knowledge can be distributed more readily to more employees, it is akin to buying another form of corporate insurance. And its value should be reflected accordingly.



Identifying Benefits from Specific Business Uses of Online Video

Online video is the Swiss Army knife of business communications. Executives in literally any field of work can find ways to put video to work to better achieve their business objectives. Given the wide range of use cases made possible by online video, we have to move beyond the broad-based ROI measures outlined above to identify task-specific metrics that help customers account for the full value that video contributes to day-to-day business operations in specific departments. Each benefit category should be viewed as a “building block” that streaming champions can use in justifying corporate spending on online video solutions. For the purposes of this report, we focus on the ROI associated with three



Set up a small room in the executive suite with streaming gear, camera, and studio-style backdrops. Studio availability makes it easier for executives to stream live video or record a video message on short notice. Supplement video messages with Q&A and comments to give employees the feeling of a two-way communication, giving a sense that senior management is engaged and approachable.

leading video application categories: corporate communications, training, and marketing.

Gauging ROI from Video in Corporate Communications

The term “corporate communications” in this report refers specifically to the use of online video to facilitate the distribution of messages from leadership to employees. Standard applications included in this category include town-hall “all-hands” employee meetings, the use of video to promote company-wide initiatives or inform workers of news and events. It may also include employee-focused communications from HR departments to inform workers about new benefit packages, insurance programs and other employment-related issues.

Corporate Communications ROI Building Block #1: Delivering a Standardized Message

One-to-many video presentations allow management to inform employees about corporate initiatives. Video allows top executives to convey their message to global workforces fast, with maximum engagement and an authenticity that nearly matches an in-person presentation. The benefits of standardized messaging are powerful but are not necessarily easy to measure. One way to gauge the value of such standardized video messaging is to assume that remote workers become at least 1% more productive once they develop a better understanding of the organization's goals and strategy, communicated by management. Multiplying that 1% by the total salaries and benefits paid to workers who view an executive webcast gives an estimate of the minimal financial benefit associated with executive messaging.

Corporate Communication ROI Building Block #2: Employee Satisfaction

Evaluate employee satisfaction surveys and employee turnover rates to determine if increased use of streaming is impacting the number of employees retained by your organization in a given year. The effective use of streaming enables more clear communication from management that provides employees a better sense of the company's direction and their own role within the organization. If you are able link a reduction in employee turnover to the adoption of streaming (by employee surveys and feedback collection), make the ROI tangible by multiplying the costs of hiring a new worker (identifying candidates, management interview time and on-the-job training for new employees) by the number of employees saved per year.



Corporate Communications ROI Building Block #3: Streamline the Hiring Process

Use video to capture interviews of job candidates that can be shared internally. Have HR personnel conduct and record opening interviews of job candidates, sharing videos of the best prospects with relevant hiring executives. (Videos could be generated from both in-person interviews and from the capture of online interviews conducted via webcam conversations enabled by services such as Skype.) The ability to review video saves time in the interviewing process by allowing hiring executives to see and hear prospective candidates for themselves before scheduling a follow-up interview with the candidate. The video approach also eliminates the inefficiencies of scheduling interview time and coordinating appointment calendars when multiple top level executives are needed to approve a prospective job candidate.

By pre-screening videos, hiring executives may be able to winnow a field of four candidates offered by the human resources department to two finalists before even conducting second-round interviews. Calculate the ROI of this application by identifying the actual number of interview candidates eliminated by hiring executives during the video review round and then tally the resulting value of executives' time saved along with any reduced travel costs realized when out-of-town candidates are removed from consideration.

Gauging ROI from Video in Training

The use of online video in training represents one of the most fertile areas for the justification of streaming deployments. Among Wainhouse Research Survey respondents who view online video at work, 89% say they have experienced training sessions that utilize video streaming technologies – a higher usage rate than is reported for any other application category.

Executives at companies that implement online video are highly likely to hold training applications in high regard. As illustrated in Figure 2, 92% of executives at companies that use live online video 100 times or more annually say they either “strongly agree” or “somewhat agree” that “implementation of online training / e-learning solutions creates competitive advantage.”

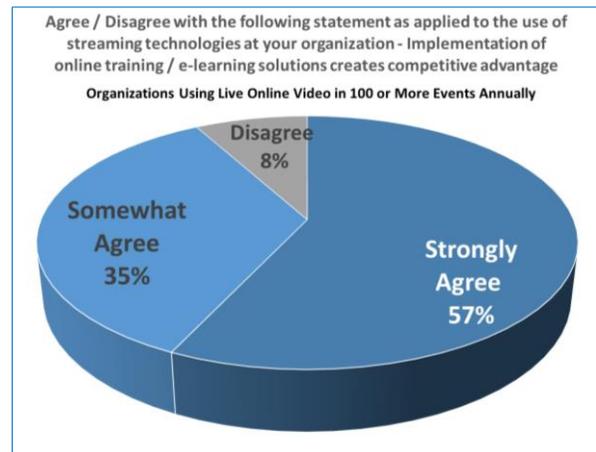


Figure 2 - Agree/Disagree: Implementation of Online Training / E-learning Solutions Creates Competitive Advantage – Organizations Using Live Video in 100 or More Events Annually

Real-world case studies illustrate the point. One national insurer that deployed a streaming platform developed by Kaltura reported annual savings of \$450,000 – more than enough to off-set its streaming deployment cost in less than a year. Most of the savings recognized from the deployment resulted from the reduced time workers spent engaged in training activities and the ability to leverage subject matter experts better by making their content available on-demand.

Pushing ROI Further

Invest in streaming platforms that enable the distribution of streaming video content to mobile devices as well as platforms with strong search capabilities. By making Video readily accessible and discoverable to workers in the field and on the factory floor, “just-in-time” training becomes more accessible to workers on the front lines of your business, maximizing sales and productivity.

Training ROI Building Block #1:

Understand the Value of “Just-in-Time” Training

While the corporate ideal would be to have staff in place that is well-versed on all aspects of business operations, such a level of worker expertise is difficult to attain. More realistic is a work structure that provides employees with video tutorials on-demand that they can access to learn about a relevant product or best practice as needed. One way to measure “just-in-time” training is to identify the value of customer contracts closed in a short timeframe after a sales representative views a product instruction video. If “just-in-time” options enable your organization to forego more generic training sessions not applicable to any specific project, a second way to gauge the benefit comes in tallying up the hours in productivity savings that result from irrelevant training sessions that can be eliminated in favor of training content that is accessed when needed.

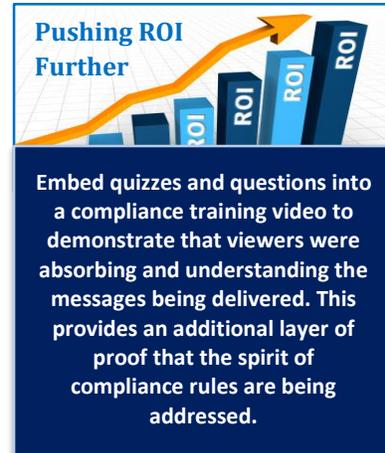
Training ROI Building Block #2: Extending Trainers’ Impact

Some training sessions, such as new employee orientations, are designed to deliver basic information to workers in presentations that trainers give time and time again. Substantial work time can be saved by

trainers if they are able to record these sessions and have employees access the session on an on-demand basis. Trainers can put time that would otherwise be spent repeating the same information over and over in developing fresh training content designed to tackle more complex and pressing employee education needs.

Training ROI Building Block #3: Compliance Training for Litigation Protection

In highly regulated industries such as financial services, insurance, and healthcare, new regulations are released on a regular basis. This necessitates a steady flow of training sessions to keep employees aware of compliance rules. While online video provides a venue that simplifies the process of delivering frequent compliance training sessions to large group of employees, its greatest ROI contribution actually results from how the technology can be used to track employee viewership patterns. If an organization can show evidence that an employee watched a training video, such records demonstrate an organization's engagement in educating its work force and provides a tool to demonstrate that they were not negligent even if one of their employees ultimately winds up violating compliance rules. Such information may help an organization limit its liability exposure and avoid bad outcomes. As such, we suggest that ROI value of compliance training conducted via streaming can be measured by identifying the equivalent value of costs for liability insurance used to insulate an organization from compliance risks.



Gauging ROI from Video in Marketing

Marketing represents one of the fastest growing business applications for online video. Whether it comes in the form of an online product launch event that integrates online video, a marketing webinar designed for promotional purposes, or a video that describes the features and functionality of a product, streaming can help organizations communicate with external audiences in a more engaging way than has been possible before.



Forty-seven percent of all executives represented in the Wainhouse Research survey report that their organizations plan to expand the use of online video on their corporate web sites in 2015. Among those organizations that use live online video more than 100 times per year, “product launch events” are more frequently cited for expanded adoption in 2015 than any other online video application. Overall, exactly half of organizations that use live online video now say that they plan to initiate or expand their use of video for product launch events this year. Other applications topping the list for expanded online video adoption

include “marketing presentations for customers/prospects,” “descriptions of products for sale,” and “trade show/conference presentations.”

The ability to track and measure viewership of online video marketing content makes this application category particularly well-suited to ROI evaluation. Here are some strategies that can be put to work in analyzing the value of online video in outbound communications applications:

Marketing ROI Building Block #1: Generate Sales Leads

Webinars and other marketing videos such as pre-recorded product videos and informational videos that provide information on topics related to a specific product can be used to identify new prospective customers. Pre-produced videos also can be used to educate customers more rapidly on key features of new product introductions. ROI calculation is determined by the number of leads generated by an online event multiplied by the value your organization attributes to creating these fresh sales prospects.



Pushing ROI Further

Integrate data collected from video analytics with existing customer relationship management solutions and marketing automation systems (e.g. Marketo, Eloqua, and Salesforce.com) to develop greater insight on issues likely to resonate with sales prospects.

Marketing ROI Building Block #2: Boost Sales Conversion Rates

Enhance prospect nurturing activities by analyzing audience data that tracks viewership activity for online video and webcast events. Prospective leads can be graded based on their level of engagement with a company’s online video events. Viewers who watch longer or ask more questions of presenters can be identified by scoring systems indicating high levels of interest in a specific product category. Likewise, analytics can be used to identify when a viewer abandoned a webcast, providing clues on products or features that are of little interest to the prospect. The ROI impact of online video analytics can be measured in the changes in sales conversion rates.



Pushing ROI Further

Use webcasting to increase the frequency of sales training updates. Instead of only training reps at the product launch, use incremental webcasts to share on-going learning on best way to position a product or to overcome common prospect objections

Marketing ROI Building Block #3: Accelerate Product Introductions to Sales Team

Get newly introduced products into the field more quickly through faster education of sales representatives. Distribution of new product information to a sales team can be done on a more timely basis via webcast than is possible when assembling the sales team in a single place for product training (or sending the product manager on the road). If the webcast gets sales reps promoting a new product in two days instead of two weeks, that gets the item to the market more rapidly and extends its sales window. Measure the ROI in terms of the added sales generated due to the accelerated roll-out.

Marketing ROI Building Block #4: Improve Customer Loyalty and Reduce Churn

Communicate with customers via video and provide them with valuable engaging information that teaches them how to use your product more effectively. For instance, an organization can produce “best practice” videos that provide case studies illustrating how customers are putting their products to work.

These videos would be designed to showcase role models that other customers can emulate in using the product. ROI measures would vary by the types of customer support videos produced. One ROI metric particularly suitable for companies that generate monthly service or subscription fees from customers is to compare the customer churn rate of those who watch the videos versus customers that do not watch the videos. ROI would be measured by tallying the residual value of the added customer retention that could be attributed to the videos.

Marketing ROI Building Block #5: Develop Corporate Video Personalities

Record videos from thought leaders within your organization to share with customers and prospects. A financial firm, for instance, could feature a video of a portfolio manager sharing investment tips with clients. Similarly, an engineer or software developer could create a video that highlights the technical advancements offered by a new product upgrade. By consistently promoting these videos via social media venues, companies can gradually build their presenters into mini-celebrities with their own online followings. Over time, these branded personalities can be leveraged in a variety of promotional campaigns. Measure the ROI of these outreach videos by determining the number of customers who watch them and then engage with the company for expanded buying activity.



Key Takeaways

Measuring “return on investment” is important to managers seeking to win approval for the deployment of streaming video technologies in the enterprise. As discussed in this report, a myriad of approaches can be used to justify the benefits that result from streaming deployments. Executives should expect to stitch together a series of these ROI rationales relevant to their organization when justifying their proposed budget for streaming implementations.

This report is designed to be a starting point in an organization’s ROI evaluation journey. While extensive, the suggestions listed here should not be viewed as the only way that the return on streaming investments can be measured. Each organization will have its own set of business objectives and key performance indicators: the number of videos watched, how many work hours saved, how many sales made. And some of these may even spark even more creative thinking that leads to additional innovation in ROI measurement, such as measuring employee social interaction, how the use of video is making the company more attractive to prospective employees, and more. Your journey in identifying hidden ROI will be easier once you recognize the unique and growing role of streaming video in boosting operational performance. Identify the benefits that accrue from making video more reliable, ubiquitous and easy-to-use, and you will have a head-start on the path in identifying the value that streaming video generates for your organization.

About the Author / About Wainhouse Research

Steve Vonder Haar is a Senior Analyst with Wainhouse Research, focusing on enterprise streaming & webcasting. Steve has covered the technology industry for more than 20 years. He previously served as Research Director of Interactive Media Strategies and as Director of Media and Entertainment Strategies for the Yankee Group. He is a graduate of the University of Missouri Columbia with degrees in Journalism and Economics, and holds a Master's degree in Business Administration from the University of Texas-Arlington. He can be reached at svonder@wainhouse.com

About Wainhouse Research: Wainhouse Research is an independent analyst firm that focuses on critical issues in the unified communications and collaboration market. The company provides 6 different vendor subscriptions covering unified communications, group videoconferencing, personal & web-based collaboration, audio conferencing, streaming & webcasting, and distance education & e-Learning solutions, as well as a single all-inclusive subscription for enterprise users. The company acts as a trusted advisor providing strategic advice and direction for both the UC&C industry and its enterprise users. For further details contact sales@wainhouse.com or see <http://www.wainhouse.com>.

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