

Publicly Available Telepresence Systems: Putting Local Business on the Map

Could high-end videoconferencing, operating over high-end networks, help to level the playing field for smaller cities? The verdict is still out

By Masha Zager ■ Broadband Properties

As business goes global, executives are traveling more and enjoying it less. The growing demand for business travel continues to drive up prices for airfare, hotels, car rentals and corporate meetings, according to both the National Business Travel Association and American Express. And higher prices don't even buy better service: Air travelers are encountering more flight delays and more lost luggage, Department of Transportation statistics show.

The businesses that are hardest hit may be those in smaller cities with limited access to air travel. These companies find travel even more expensive and less convenient than others do. A city's inaccessibility can put a damper on businesses locating or expanding there.

Videoconferencing, though it has been available for years, has never managed to put a dent in business travel. One reason is that traditional videoconferencing is far from user-friendly.

"If you ask business people what they think about videoconferencing, eight or nine out of ten would say it's too much hassle, it's too painful to use, and they don't feel comfortable with it," says Tom Jackson, former CEO of TeleSuite, the first commercially successful telepresence company. "They'll say they'd rather make a phone call, and that if they really want to get to know someone, the only way to do that is to go there."

But this perception is out of date. Recent improvements in videoconferencing have made meetings easier to manage and more comfortable to participate in. Today's top-of-the-line technology, known as telepresence, features smooth, high-definition audio and video, matching conference rooms with large curved

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screens, and eye contact among participants. "People are startled by how realistic it is," Jackson says. "They'll laugh, joke, interrupt each other – all

the things you do in a normal meeting, to the point that they'll get up and try to shake hands. Or a glass of water spills in the other room and you'll jump back."

Telepresence is costly, however. Large conference rooms can easily run to \$300,000, and the ultra-high-speed networks supporting them represent a major ongoing expense. To date, these systems have mainly been the prerogative of C-level executives in large corporations.

Less awe-inspiring than telepresence is high-definition videoconferencing, which several vendors have introduced during the last two years. But though HD videoconferencing may be less likely than telepresence to make participants forget they're in separate rooms, it offers audio and video quality that most users consider acceptable, at a far lower price, and with more affordable connections. (For example, the LifeSize Room costs about \$12,000 and requires 5 Mbps broadband access.)

PUBLICLY AVAILABLE FACILITIES

Hotels and other facilities have long rented videoconference meeting rooms by the hour or by the day to businesses that can't justify purchasing these assets themselves. But because many of these meeting rooms have been underused, much of the equipment in them has not been upgraded in years.

A network of high-end videoconferencing systems available to the public could give businesses the

first viable alternative to travel, and could help overcome the economic disadvantages that smaller cities face. But will facility owners begin investing in these high-end systems?

At least one hotel – the Hyatt Regency in Irvine, California – has announced the installation of a high-definition videoconferencing system from LifeSize (www.lifesize.com). And last March, Cisco Systems (www.cisco.com), which markets a telepresence system called (somewhat confusingly) TelePresence, announced a deal with outsourced-workplace provider Regus to place TelePresence rooms in Regus facilities in New York, London, Tokyo, Sydney, Paris and elsewhere. (While the original announcement called for 50 rooms to be installed by the end of 2007, a Regus spokesperson now says the company's TelePresence program won't be launching until mid- to late 2008.)

In addition, several startups have plans to launch chains of publicly available telepresence facilities. For example, an Indianapolis-area firm, PangeAir (www.pangeair.com), already has public telepresence locations up and running in New York, Indianapolis and Dayton; it hopes to open 20 to 25 more company-owned locations and to expand its network still further with franchised facilities. Another startup, Powwow Virtual (www.powwowvirtual.com), a spinoff of Human Productivity Labs, is seeking venture funding to launch a telepresence network with between 10 and 50 facilities.

IS THERE A DEMAND?

The results of these efforts remain to be seen, and industry veterans have conflicting opinions about them. One who has voiced doubts about publicly available telepresence is Todd Luttinger, cofounder of integrator Videré Conferencing (www.videreconferencing.com), who has installed videoconferencing equipment of all types for corporate clients and who operates a publicly available videoconference room as part of the Affinity VideoNet network. Luttinger says, "I'm skeptical about who could afford to deploy telepresence in a wide-scale way, how they would arrive at a price to charge, and who would use it."

Luttinger points out that C-level executives, who are today's typical tele-

Smaller cities, because they are less accessible by air, may benefit most from a network of publicly available high-end videoconferencing sites.

presence users, are unwilling to leave their "ivory towers" for a Regus or similar facility. Public facilities tend to be used not for executive meetings but for remote sales and interviews – applications that don't normally warrant the expense of high-end technology.

He adds that hotel owners regard space as a precious commodity and would balk at committing significant amounts of square footage to an unproven service.

Yet another challenge associated with publicly available telepresence systems is finding highly skilled technicians

to operate them, and especially to set up meetings outside the network. It's possible to hire expertise, but hard to guarantee results. "Could a hotel in Nashville do a multipoint meeting?" Luttinger asks. "If I'm basing my profitability on the fact that someone could come in and use this room to connect to a corporate briefing center – well, it's not that easy."

But even if telepresence is too challenging, Luttinger thinks high-definition videoconferencing – the next level down – is a possibility. A network of publicly available HD videoconferencing facilities "would have a real shot," he says. Because HD videoconferencing offers a comfortable experience at a lower price point, there could be opportunities for high-end hotel chains to install these systems across the country and make a profit.

A "YES" VOTE FOR TELEPRESENCE

Jackson argues, on the contrary, that there's no reason for telepresence to remain a playground for the wealthy. An advocate of publicly available telepresence, he believes smaller companies would welcome it once they've had a chance to experience it.

"Ninety percent of businesses have less than 100 employees," he says, "but they may still do business all over the world. They don't have the luxury of capital-intensive systems.... If there are enough [telepresence suites] available



The LifeSize Room provides high-definition videoconferencing and audioconferencing for large conference rooms.

in your building or a few blocks away, how hard is it to go online and book a room? If I had a chance to go to Paris I might go there even without a good business purpose, but if I had to go there 10 times a year, some of those visits could be via telepresence. And if I'm doing business in China, which is difficult to get to, I'd use telepresence anytime."

Small businesses wouldn't be the only customers for publicly available telepresence; Jackson thinks large corporations have their own unmet demand. Mid-level managers who have participated in telepresence meetings but can't schedule time in the CEO's telepresence room will be happy to cross the street to a publicly available facility. "They'll get all the overflow crowd," Jackson says.

Jackson also doesn't believe a publicly available telepresence facility would have to be busy 24/7 to be profitable. Twenty to thirty hours a month is all that's needed for viability, he thinks.

A TELEPRESENCE CHECKLIST

But Jackson admits that succeeding at publicly available telepresence won't be easy. "I'm one of a handful of people who have put telepresence suites into public locations," he says. "I've been through the pain of what works and what doesn't work." Here are

some of the ingredients he thinks are needed to make such a business work:

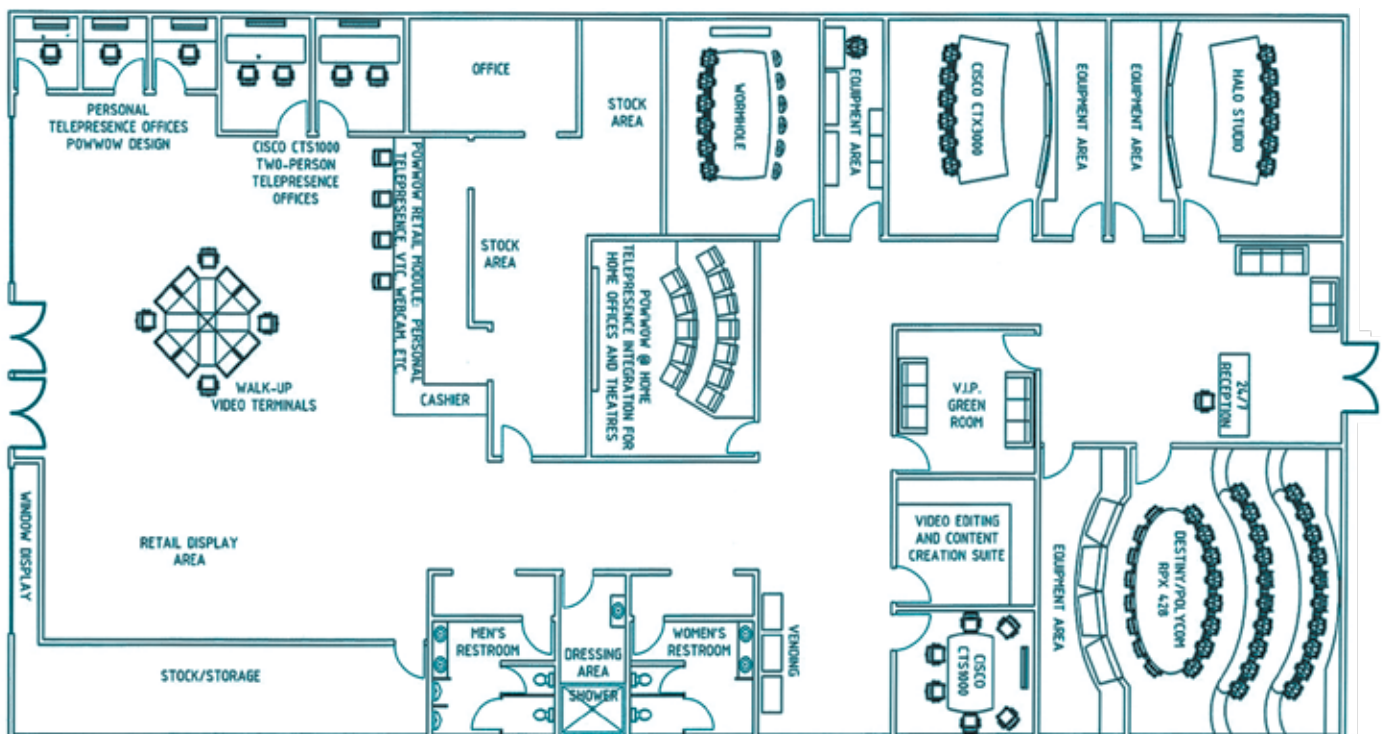
- A startup company completely focused on the project ("Is anyone's career riding on this?" Jackson asks), with a strong CEO who can attract funding.
- A minimum of 10 to 20 points of connection at the outset. Ultimately, a network could include thousands of sites.
- Prestigious locations, such as hotels or executive suites, that are already familiar to business users and convenient for them, with amenities such as parking.
- Rooms with consistent décor, so that meeting participants feel they are sitting together in the same room.
- A variety of rooms in different sizes and configurations (and probably with equipment from a variety of vendors) to accommodate different types of meetings.
- Ancillary services such as catering and transcription services, as well as devices like copiers and scanners.
- Collaboration tools integrated with the telepresence system, to allow for sharing of data, documents and photos and for whiteboarding during meetings.

- A sales and marketing strategy that includes:
 - Pre-selling fractional shares of the facility so that it can start out with at least 10 hours per month booked.
 - Developing a partnership with a major corporate travel provider that could help drive additional traffic ("I see you're booking a trip to Los Angeles. Have you considered using telepresence instead?")
 - Staff incentives for selling.
- A network and facilities partner with outstanding expertise, and a service level agreement holding the partner to extremely high levels of uptime.

So can telepresence and other high-end videoconferencing technologies change the world? "It's really about the service, not the technology," Jackson says. The technology has been proven. Providers can drive its acceptance only by focusing on making the experience "as good as or better than being there." ■

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Powwow Virtual's conception of a publicly available telepresence site.