

WebEx Communications, Inc.

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**WebEx: Taking Conferencing to the Business
Communications Summit**

Executive Summary

After centuries of ingrained business conduct mandating that sales, support, and training be done in person, personal business communications — i.e., face-to-face meetings, telephone calls, and audio, video, and Web conferences — are being re-evaluated as a result of the 2001 recession. For the first time, it has become “socially acceptable” to not conduct all meetings as face-to-face handshaking affairs, given the costs, time, and hassle involved in travel and heightened security. Businesses are asking how they can use all the tools of modern communications without all the aggravation to get to the presentation, proving the age-old adage: time is money.

Enter WebEx Communications, a new-breed company that is well established in the rapidly growing Web conferencing market. Web conferencing is a particularly attractive form of business communications because it combines the ubiquity and communication capability of a PC-with-a-browser with the familiarity and cost attractiveness of a conference call. With more than 5,000 customers and a virus-like, word-of-mouth-induced growth rate of more than 800 customers per quarter, WebEx has emerged in the past year as the clear leader in high-end Web conferencing.

In an April 2002 announcement, WebEx is further defining its differentiation from other Web conferencing firms. The most significant differentiator is under the network covers: WebEx has built a private conferencing switched network on top of the Internet. This private network delivers quality of service (QoS) and security levels that the vanilla Internet cannot match. Significant new functionality adds extensive support for multimedia in Web presentations and numerous customer-driven enhancements. A second differentiator is the new Training Center service, aimed at enterprise internal training delivery. With these new capabilities, WebEx

is clearly the leader in delivering exceptional functionality and value to its rapidly increasing base of business-communications services customers.

The Five Levels of Real-Time Business Communications

The Aberdeen Group model for real-time business communications comprises the following five levels, each level having its own best purpose and drawbacks (Table 1):

1. *Face-to-face meetings* — participants can observe all of the nuances of body language; however, business decision-makers are carefully reexamining the time and cost of business travel, particularly for internal meetings and sales calls. The clear trend is away from face-to-face meetings, especially for large internal meetings and internal training.
2. *Telephone calls* — cheap and fast to make, but they connect only two parties. “Telephone tag” is a business disease. Only so much can be communicated orally, so fax or e-mail talking papers are common.
3. *Audio conferencing* — a low-cost way to connect many people into a meeting, but the visual nuances are missing, everyone cannot talk at once, and somebody has to coordinate distribution of meeting presentations or else the participants are not working off “the same page.”
4. *Video conferences* — practical for a one-to-many broadcast or for up to four conference rooms of people, and providing good visual interaction. Costs are high for the equipment compared to those of alternatives, and equipment is fixed to specific locations, thus requiring participants to go to a video facility — typically in-house. Business-to-business (B-to-B) video conferences over the Internet are technologically feasible but are plagued by inside-the-firewall security concerns, forcing most video conferencing to use multiple ISDN lines instead of the enterprise intranet.
5. *Web conferences* — minimally tie people together through a Web browser and an audio connection — via a telephone call or simultaneously using voice over Internet Protocol (VoIP) along with browser data. The browser can display the meeting or presentation materials, which are typically controlled by a moderator. Costs are moderate, with no capital investment required beyond the already standard browser and an Internet connection. Unlike with video conferencing, participants can be located anywhere they can get connected to the Internet and a phone line, a considerable benefit given today’s global businesses, travel schedules, and flexible working conditions. The biggest drawbacks have been tied to the Internet — lack of security for presentation materials or VoIP (voice-over-IP) and the inability to ensure consistent response times due to the Internet’s lack of ensured response times and services levels.

WebEx Is More Than a Web Conferencing Company

It is a mistake to cubby-hole WebEx as just another Web conferencing company. WebEx offers all of the benefits that Web conferencing technology affords and has solved the drawbacks. WebEx deserves to be viewed differently from the Web conferencing pack based on the way it delivers services and the breadth of its meeting communication offerings.

WebEx Is Built as a Utility, but the Internet Is Not

All Web conferencing suppliers deliver their services over the Internet — i.e., the “Web” in Web conferencing. And, because the Internet as a communications transport mechanism is a common denominator, the simple deduction is that all Web conferencing companies deliver the same quality level of service. The deduction is wrong in the case of WebEx, because the company has deliberately built a utility-grade private wide area network (WAN) tied to the Internet. The competition has not.

There is no quality of service to the Internet, as everyone has found by personal experience, using the “World Wide Wait.” While the slow delivery of Web pages is distracting, a Web conference disrupted by dropped audio/video frames or ill-timed presentation page changes can be catastrophic to the meeting goal of communicating clearly and effectively. Except for WebEx, the Web conferencing experience can be plagued by erratic response time. Moreover, Web conference

Table 1: Aberdeen Model for Real-Time Business Communications

Category	Pros	Cons
Face-to-Face	Best human interaction	High cost of travel; best success requires visual aids
Telephone Call	Least cost, two-way communications	Accommodates only two people at a time, a major drawback for a business meeting
Audio Conference	Low cost for many people	Meeting control necessary; no visual aids available without careful coordination
Video Conference	Visual human interaction without travel	High initial costs; fixed locations only; room-size coverage; security issues for IP video conferencing
Web Conference	Primarily audio; optional multimedia including video; moderate costs; presentation aids and limited collaboration	Requires PC browser; QoS and security are questionable over Internet
WebEx	Same as Web conference but with much richer communication capabilities	Requires PC and browser, resolves security and QoS issues

Source: Aberdeen Group, April 2002

presentation materials uploaded and stored on servers on the Internet for sharing purposes suffer all of the security and privacy flaws of the Internet, a concern for every enterprise.

Delivering a Third-Generation Infrastructure

WebEx is more like a telephone utility than a software company. WebEx has constructed a worldwide business communications switching infrastructure that consists of a secure and redundant backbone WAN with the capacity needed to switch all multimedia information without storing it on the Internet. That enables WebEx to deliver the high QoS demanded by discerning business communications users. The WebEx private network is specifically tailored to handle the simultaneous requirements for numerous bridged audio conversations and real-time multimedia data switching. As a result, WebEx services are ideally suited for live, data-rich business communications experience.

The latest and third generation of the WebEx switching infrastructure introduces new Mediatone™ technologies. WebEx Mediatone provides multimedia switching capabilities for highly engaging and powerful remote communications. Aberdeen research suggests that these new WebEx Mediatone capabilities would be impossible for the older database-centric store-and-forward technology vendors to provide. The Mediatone technology provides five new multimedia switching capabilities:

1. Support for Universal Communications Format™ (UCF):

- Enables in high-performance “Presentation Mode” the sharing of PowerPoint presentations with full animation support, one of the most critical and demanded capabilities by end-users. Aberdeen research indicates that this capability alone dramatically enhances WebEx’s already superior competitive position. Previous attempts have been made to address this need with DHTML technologies that have proven to be extremely unpredictable, with significant limitations, and hence have not been adopted. WebEx’s unique approach with UCF finally breaks this barrier and delivers what users really want — full support of PowerPoint media features over the Web.
- Allows users to share Flash files embedded in PowerPoint presentations, giving them the ability to control delivery with start, pause, stop, etc., to all attendees.
- Allows users to share within PowerPoint presentations Windows Media Player/RealPlayer content stored anywhere on the Web, with full delivery control to all attendees. Provides the ability to start, pause, stop, etc., the streaming content.

- Enables users to share within PowerPoint presentations full 3D CAD (computer-aided design) objects with full ability to manipulate the objects.
- Enables the sharing of previously recorded WebEx meetings by embedding them within PowerPoint presentations.

2. *Simultaneous sharing of multiple documents or presentations* — sharing of multiple documents and presentations at the same time and the ability to flip back and forth between them. That represents an everyday affair in regular face-to-face meetings but now for the first time the capability is available for online meetings.

3. *Access Anywhere™* — enables the ability to securely access and share information in a meeting, where the content or application resides in an unattended remote computer. That allows users to have the meeting from anywhere with anyone while the information they need to share remains secure.

4. *Multipoint Video Conferencing* — allows users to have the power to have multipoint video conferencing with just a browser and a simple Webcam. Mediatone also supports Polycam cameras and feeds from standard video camcorders in this multipoint video conferencing.

5. *Wireless PDA (personal digital assistant) Support* — enables users to participate in meetings with PDAs or use Access Anywhere to remotely access information.

These infrastructure enhancements bring a considerable improvement in ease-of-use while opening up a whole new gamut of online meeting applications, such as collaborative product design and training delivery.

Delivering Third-Generation Service Support

Canadian media guru Marshall McLuan was right to say, “The media is the message.” While WebEx is perfectly adequate for content-lean meetings of, say, bookkeepers, the WebEx products shine in media-rich environments such as software demos, training, project management, staff meetings, and remote support, and for external uses such as sales/marketing presentations, seminars, marketing events, partner briefings, and customer service.

The latest and third generation of the WebEx platform also adds:

- A conference editing tool to facilitate re-broadcasting of selected segments of conferences;
- Instant audience polling and testing with scoring;
- Multi-language support for meeting log-ins; and
- Calendar bookings of meetings in Microsoft Outlook.

These enhancements improve meeting coordinator, participant, and content-creator productivity.

Training Center Addresses an Attractive Meeting Need

WebEx already has a general meeting service called WebEx Meeting Center, as well as two specialized services: WebEx Support Center for live, remote, hands-on customer technical support and WebEx Event Center for large online events and Web seminars. A third specialized service, WebEx Training Center, rolls out in April to address the considerable market for corporate training. The business case for handling internal and external training via a Web conferencing solution is very easy to make. Training can be delivered simultaneously to large audiences, just in time for the training need. Presenters spend more time at their jobs and less on airplanes, plus the trainees get the training “just in time” for their own location’s job requirements. In addition, the ability to record and re-broadcast training sessions to any Web browser means the training materials have a much longer shelf life. The WebEx Training Center service offers the following:

- Full training schedule, registration, and approval management;
- Shared control by simultaneous presenters, panelists, and trainees;
- Questionnaires, test building and scoring, correction, and grading;
- Multiple, simultaneous breakout sessions, allowing trainees to collaborate on remote applications;
- Instant visual feedback to trainers’ verbal questions;
- A Web-browser client with full access to multimedia, Chat Room, Q&A management, and voice audio control;
- Full use of the new infrastructure’s multimedia presentation support, plus training broadcast editing, retention cataloging, and re-broadcast; and
- Support for SCORM, an industry standard for data interchange.

Aberdeen research shows that many customers already believe WebEx is an excellent vehicle for internal and external training. The WebEx Training Center service should please existing customers and draw many more new customers to the WebEx fold.

Aberdeen Conclusions

The answer to the question, “What kind of conferencing services will most benefit my organization?” should include Web conferencing. WebEx has the head-turning formula for delivering high data-driven information content at low to moderate costs. But, beyond cost savings, WebEx can dramatically improve both productivity — often of an organization’s key people — and timeliness of information delivery. It is no surprise that fast-growth high-tech companies are already heavy users of WebEx services.

In 1999, WebEx was lumped with approximately 40 companies fighting to deliver shared PowerPoint presentations over the Internet — the early Web conferencing days. The software-driven database-centric store-and-forward approach to online Web conferencing by competitors has led to many failures. By focusing on building a conferencing utility-grade switching infrastructure designed to deliver business communications services, WebEx has pulled away to become the leader in data-rich online business meetings. And, the private-network-switched-infrastructure approach — uniquely found in WebEx’s Mediatone — is architecturally the only way to provide the greatest security, assure the highest service quality, and deliver “dial tone” reliability.

As a result of the third-generation multimedia infrastructure, Mediatone enhancements, and the many subtle product improvements introduced in 2002, using WebEx is easier and faster. That allows the company to get one important step closer to its goal of making online meetings as straightforward as — but much more productive than — telephone calls, which will make the WebEx service even more valuable.

The fundamental shift away from mandatory face-to-face meetings and toward Web conferences is tectonic, and the recent recession and post-September 11 travel uncertainty have unleashed a market-shifting earthquake. Market recognition of WebEx’s unique network-driven conferencing services is spreading by word-of-mouth: 40% of new customers are referred by the existing 5,000-customer installed base. Aberdeen has recently overheard the ultimate compliment of acceptance, where the noun becomes the verb: “Let’s WebEx.”

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