InterActive Media Strategies

Subscriber Research Report

October, 2009

Business Video Spending Trends: 2010

Gauging the Impact of Global Recession on Corporate Budgets for Online Multimedia Technologies

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I. Introduction

The current global economic recession has taken its toll on a range of market sectors in 2009. The business online video market has not been sheltered from this economic storm.

Under normal financial conditions, 2009 would have marked the true coming out party for business online video. A convergence of factors had pointed to a break-through year. Awareness of online video is growing in the halls of business. Technology platforms are more reliable and easier to use than ever before. Executives are beginning to understand the business value of implementing video-enhanced Web communications.

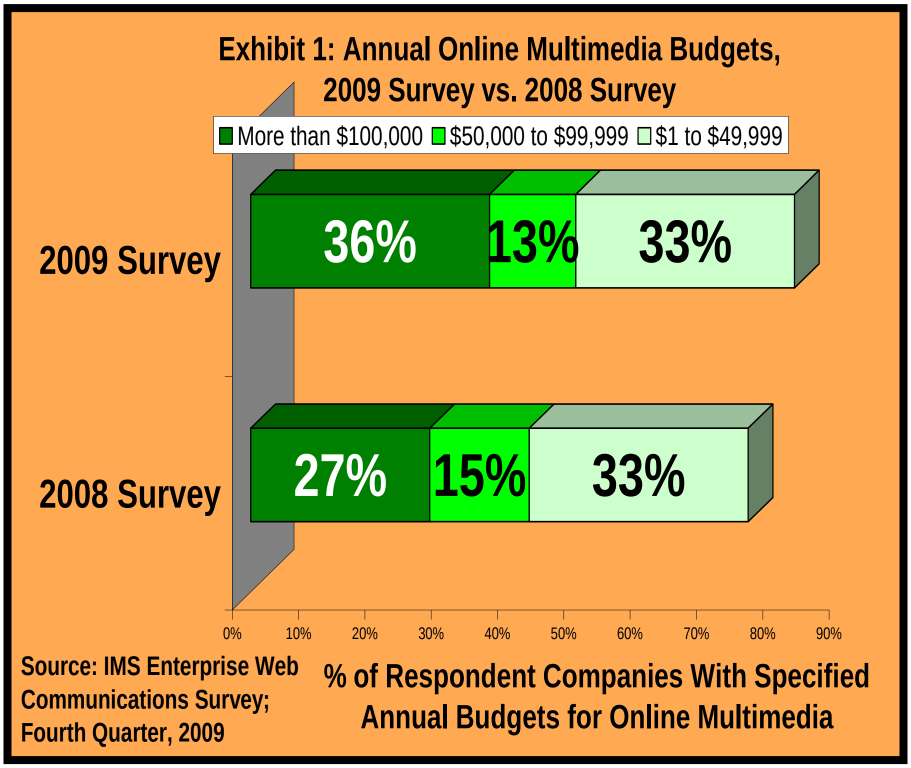
In 2009, however, those positive market factors could not fully overcome the headwinds created by a sluggish world economy. Anecdotal reports from industry vendors – particularly in the first half of the year - painted a picture of a sales pipeline where prospects continue to be highly interested in online video yet remain hesitant to make large-scale, long-term financial commitments to the implementation of the technology.

The net result amounts an “opportunity delayed” rather than an “opportunity lost” for the business online video sector in 2009. While the overall market for business video technologies grew at a double-digit pace in 2009, it did not expand at the exponential rates that would enable initial public offerings or lucrative buyout opportunities. Another year of middling growth tested the patience of entrepreneurs and venture capitalists looking to 2009 as the time to cash in on their investments in the online business video space.

Results from a survey of 1,003 executives completed by Interactive Media Strategies earlier this month paint a conflicting picture on the prospects for online multimedia spending in the coming year. Among selected groups, significant concerns remain about the impact that a sluggish economy would have on corporate online multimedia spending in 2010. The pessimistic outlook mirrors- and accentuates – perceptions forged by general media reports chronicling on-going macro-economic troubles.

Some survey results, however, paint a far different picture of prospects for the business video market in 2010. And, significantly, these results reflect the survey responses from some important groups – most notably purchase decision makers and executives at companies that deploy online video extensively – that see 2010 as a year for growing investment in online communications technologies.

As illustrated in Exhibit 1, 36% of all organizations represented in the Interactive Media Strategies 2009 Enterprise Web Communications Survey plan to spend more than $100,000 on online multimedia technologies in 2010, up from the 27% of organizations reporting that spending level in the 2008 survey. In the seven years since the inception of the IMS Enterprise Web Communications Survey, these results reflect the highest-ever proportion of the survey audience at organizations with annual multimedia budgets exceeding $100,000. That means more organizations than ever before have significant budgets allocated for the implementation of substantial online multimedia-enabling technologies.



Overall, 82% of organizations represented in the IMS survey report plans to invest at some level in online multimedia capabilities during 2010. In the prior year IMS survey, three-quarters of the organizations surveyed had reported plans to invest in the implementation of some form of Web multimedia for business-oriented communications.

Even with the growth, the nature of online multimedia technology spending is changing with the economic climate. Where online video growth once was driven by purchases from sectors awash in cash, such as financial services, its adoption now appears to be driven by organizations focused on enhancing production efficiencies, such as companies in the manufacturing sector.

In this report, Interactive Media Strategies will quantify the impact that overall economic conditions are having on investment plans for online multimedia technologies and highlight the industry segments where demand for advanced business video communications is the most robust.

About the Author

Steve Vonder Haar is Research Director of Interactive Media Strategies and is responsible for the firm’s coverage of the enterprise Web Communications sector. Topics of focus include online multimedia, Web Conferencing and rich-media conferencing. Vonder Haar can be reached at (817) 860-5121 or via e-mail at SVonder@InteractiveMediaStrategies.com

About Interactive Media Strategies

Understanding How Multimedia Transforms Communications

The first three waves of mass media served to transform the way people live. From Gutenberg forward, the printed word has allowed people to share ideas stretched across time and distance. Audio gave consumers their first taste of sharing broadcast media simultaneously with the later advent of the video offerings of broadcast television to create the ultimate electronic community.

Mastering the Change Fostered by Technology

Interactive Multimedia opens the door to new forms of tailored communications experiences for consumers. Digitization, connected networks and a sprawling array of emerging devices to handle digital content create the opportunity to weave audio and video into the interactive communications experience. In the process, corporations can capitalize on new tools that enable them to deliver powerful messages enriched by audio and video and tailored to targeted groups. Likewise, media firms can capitalize on the new flexibility of digitization to serve up content, products and services using business models heretofore impossible for media distributors.

Interactive Media Strategies provides research and consulting services to help companies involved in the communications, collaboration and media distribution chains to recognize the potential of interactive multimedia, not only in the packaging of audio and video content but also in the development of new services improved and enriched through the integration of audio and video content that can be accessed on demand.

Interactive Media Strategies provides quantifiable analysis of how business users, IT professionals and corporate executives perceive, use and deploy communications applications delivered via connected networks. Subscribers to the Enterprise Web Communications Research Service can benefit both from IMS' core research activities along with custom support designed to address clients' specific business needs. The foundation of Interactive Media Strategies' research offerings is an annual research and consulting subscription. Individually tailored or proprietary projects or market research studies are also available. The annual subscription package serves up a consistent stream of relevant research publications and slide presentations that help to expand our clients' understanding of the overall marketplace and developing trends. For more information on Interactive Media Strategies and its service offerings, please contact us.

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