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Reducing Total Cost of Ownership Via Integrated Video Conferencing Solutions

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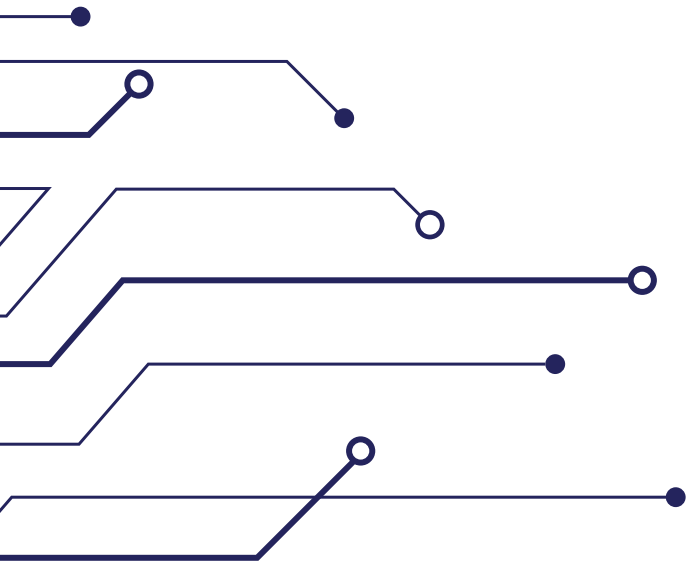

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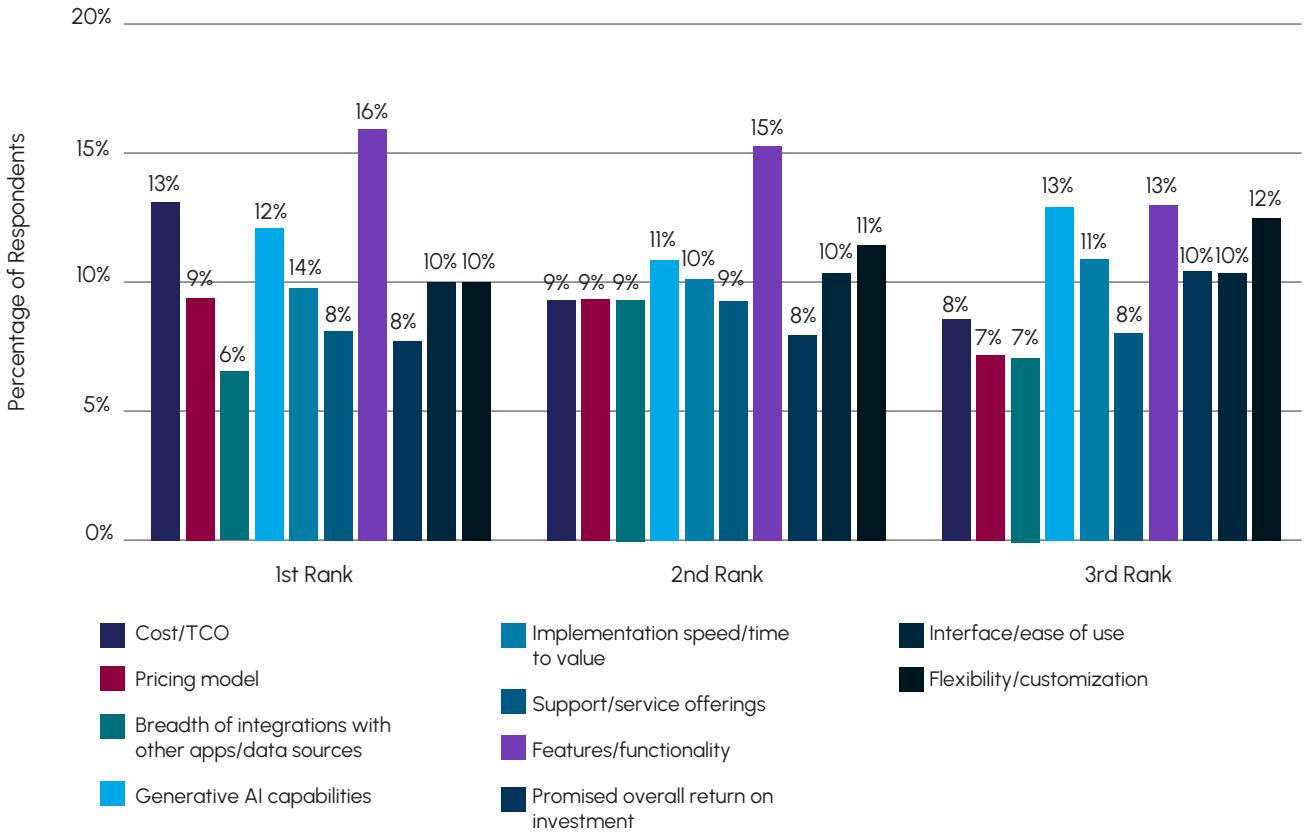
Reducing Total Cost of Ownership Via Integrated Video Conferencing Solutions

The popularization of the total cost of ownership (TCO) concept dates back nearly four decades and refers to assessing the full life cycle costs of an asset. This has been applied to several disciplines, industries, and products over the years. The concept is still relevant, particularly in scenarios where there are ancillary costs, which regardless of being hidden or obscured still have a significant impact on the business.

TCO remains an important consideration in enterprise software purchasing, according to a Futurum Intelligence survey of 895 enterprise decision-makers and influencers. Enterprise software purchasing dynamics can be used as a proxy for issues influencing other technology purchases, such as hardware, given the tightly integrated hardware and software elements used in most modern devices sold today, including video conferencing hardware, servers, laptops, and smartphones.

As such, data can provide insights into the top criteria organizations prioritize when selecting technology vendors, reflecting a balance between functionality, usability, and returns.

Figure 1. Criteria for Purchasing Software



Source: 2H 2024 Enterprise Applications Decision Maker Survey, Futurum Intelligence, December 2024

Although 16% of respondents cited software application's functions and features as an important factor in the purchase decision, 'Cost and Total Cost of Ownership' was cited as the most important factor by 13% of respondents. This reflected the belief that the software provides value over its life cycle without exceeding budget constraints. For hardware purchases, it is likely that TCO will play an even larger role in the purchase decision process, due to the significant investment and physical challenges associated with replacing or repairing equipment.

Components of a TCO Analysis

Traditional TCO models incorporate several metrics designed to include the total costs incurred throughout the life cycle of an asset, beyond simply the initial purchase price or recurring license fees. Typically, a TCO assessment also includes the following costs:

Additional procurement costs, including taxes, packaging, customs duties, payment terms

Overall ownership cost, including depreciation

Maintenance fees, spare parts, and servicing costs

Cost of usage: use value, operation, services

Cost of poor quality (emergency fixes), non-compliant processes

Cost of dreciclisposal at end of life, including recycling, resale, or destruction of the asset.

For IT managers who are responsible for purchasing and maintaining video conferencing solutions, TCO is a methodology that can and should be used to assess the true and total cost of any new solution. In addition to the traditional TCO metrics, IT managers must also consider additional behavioral, environmental, and utilization scenarios to effectively apply the process to video conferencing solution purchases. This would provide a complete picture of total life cycle costs, as well as the ancillary benefits for workers, customers, and the business.

How TCO Can Lead to More Efficient Purchasing and Operations

Applying TCO to video conferencing solutions provides significantly greater visibility into the purchasing, operating, and ownership processes, enabling far more data-driven decision-making. It enables a holistic view of costs, including purchase price, maintenance, repairs, administration, energy consumption, and downtime, and how these costs can quickly escalate and eliminate the pricing advantage of lower-cost solutions.

TCO also enables purchasing decision-makers to uncover and assess the 'hidden' benefits often provided by solutions, such as lower maintenance costs, greater energy efficiency, and lower operating costs, as well as the aesthetic benefits of a streamlined, integrated solution.

For video conferencing systems, however, the analysis needs to go beyond the traditional metrics to capture factors that are specific to communication technology. IT managers must consider the impact of factors such as user training, system complexity, downtime, energy efficiency, and the potential impact on workers, customers, and partners if meetings are disrupted or delayed due to technical issues. The integration of these factors into the TCO model ensures that organizations can accurately assess the long-term costs and benefits of their video conferencing investments.

Key Components of TCO for Video Conferencing Solutions

Several key components contribute to the total cost of owning a video conferencing system, all of which need to be considered when evaluating the TCO. These include:

1

Direct Costs:

The hardware, software, and installation costs of video conferencing equipment, as well as energy consumption and ongoing maintenance fees.

2

Indirect Costs:

The time required for commissioning, troubleshooting, and the opportunity costs associated with technical issues during meetings.

3

Soft Costs:

Employee disengagement due to technical issues, such as system failures, meeting disruptions, or subpar meeting experiences, which can result in decreased productivity and increased frustration among employees and customers.

4

Hidden Benefits:

These include improvements in productivity, better meeting quality, enhanced user experience, and aesthetic benefits to the business, which may not be immediately obvious but are essential to long-term business success.

The TCO analysis should also be conducted periodically to ensure that these costs and benefits remain accurate over time. As technology evolves and new solutions are developed, the TCO model needs to be updated to reflect the changing nature of the video conferencing landscape.

Leveraging Simplicity and Consistent Experiences to Reduce TCO

Excessive complexity is a key cost driver for any solution or system. As the number of discrete components or systems increases, so does the potential for friction or failure. One way to reduce TCO in video conferencing is by streamlining the system setup and management. Simplifying installations, reducing the number of endpoints, and minimizing technical complexity can all lead to cost savings.

For instance, all-in-one devices, which combine hardware and software into a single unit, reduce the need for complex installations and minimize the risk of failure. Similarly, reducing cable clutter and simplifying the installation process decrease both time and labor costs, leading to faster deployment and fewer technical issues. All-in-one devices also reduce meeting setup time and can decrease power consumption through active power management.

Another strategy for reducing TCO is improving the management of video conferencing systems through integrated control portals. These portals provide centralized oversight of all devices and services, allowing IT teams to monitor usage patterns, perform remote troubleshooting, and manage software updates from a single interface.

This level of remote management reduces the need for in-room support and can minimize solution downtime, leading to cost savings. Additionally, tools such as single device monitoring and remote testing help identify and resolve issues before the meetings commence, ensuring technical issues are rectified before they impact user experience.

Driving Efficiency Gains and Reducing TCO with an Integrated Management Platform

The use of a comprehensive administration and management platform can further optimize TCO in video conferencing systems. Instead of attempting to manage conferencing software, hardware, and resource scheduling through individual interfaces, an integrated platform can reduce setup time, streamline maintenance, and minimize operational costs. This integrated approach to resource management focuses on simplicity and efficiency, which helps reduce the TCO of video conferencing systems.

For example, video conferencing solution provider Neat's integrated video conferencing solutions were able to reduce the setup time for customers, resulting in lower labor costs and more efficient operations. According to Neat Survey data, prior to using Neat, 70% of customers spent over an hour on setup, but Neat reduced this time to under an hour for 90% of users.

Furthermore, Neat's management and monitoring platform, Neat Pulse, is designed to improve the operating efficiency of video conferencing solution management, including simplified installation and the ability to support remote management of devices and software. This can also reduce troubleshooting time, and enable techs to conduct provisioning, upgrade, and maintenance tasks from anywhere, at any time, enabling greater labor flexibility and optimized resource management.

Using Neat Pulse, administrators can centrally control devices and applications, making it easier for support teams to manage multiple devices and ensure consistent experiences across the organization. By simplifying the management of video conferencing devices and applications, Neat helps organizations optimize their resources and reduce operational costs.

Improving Meeting Experiences Through Consistency and Reliability

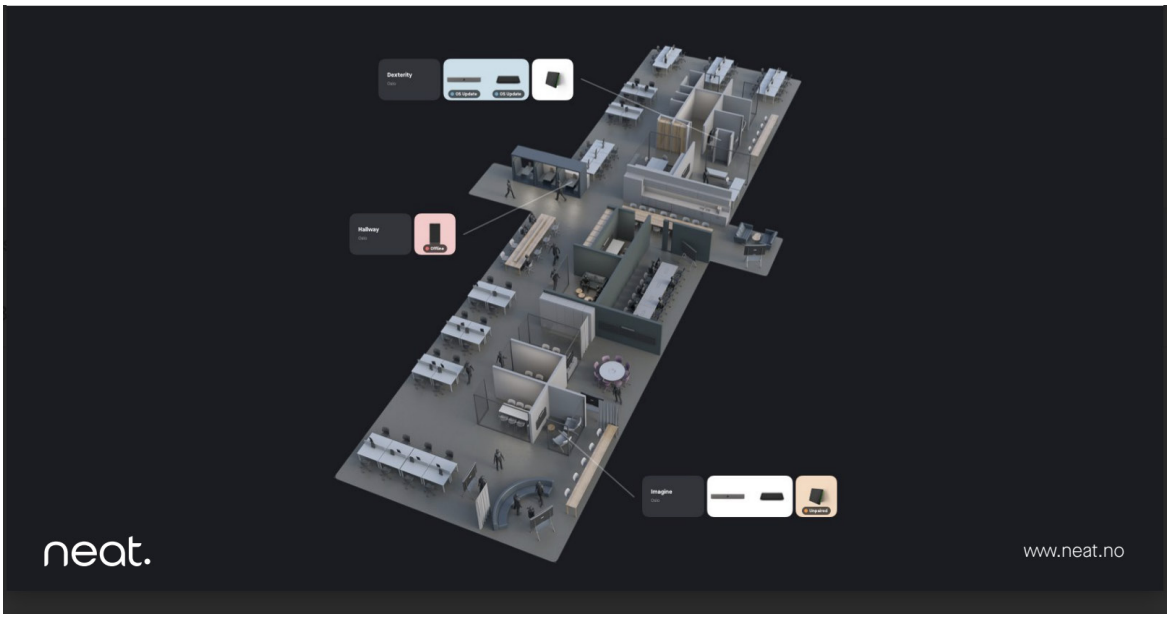
One of the key factors driving the success of any video conferencing solution is the quality of the meeting experience. Successful meetings require friction-free participant joining and the smooth integration of third-party applications. The ability to reduce background noise and double-talk is important to support smooth information exchange between participants, as well as AI notetaking and meeting summaries. Better meeting engagement can be driven by the use of video-framing capabilities such as Neat Symmetry, which enables each participant to be properly detected within an individual frame to ensure they can be seen clearly and equitably, while removing background issues, such as reflections or non-participants that may be sitting or walking behind the participant, through the Neat Boundary feature.

Organizations should not overlook the overall look and feel of the solution. A messy jumble of hardware and cabling automatically reduces the level of professionalism for both internal and external participants.

When systems are reliable and easy to use, employees are more likely to engage in meetings, resulting in improved productivity and better outcomes. Studies have shown that employees begin to lose attention during meetings after just 30 minutes. Deploying a platform that minimizes technical issues, improves ease of use, and delivers professional-quality meeting experiences contributes to a more engaged meeting. This, in turn, leads to greater productivity and less wasted time.

Conclusion: Why Neat for TCO in Video Conferencing

The concept of TCO is vital for understanding the true cost of video conferencing systems. The complexity of managing multiple devices, technical issues, and administrative tasks can drive up TCO, making it essential to select solutions that simplify management, reduce the risk of failure, and lower operational costs. Neat's focus on simplicity, efficiency, and integration helps reduce TCO by offering all-in-one devices, remote management capabilities, and centralized control platforms that optimize system performance and minimize the need for on-site support.



The remote management capabilities of Neat Pulse enable techs to remotely test meeting equipment to ensure white-glove service, as well as extend the ability to monitor physical characteristics of meeting spaces, without requiring technicians to be in the room. Neat Pulse can monitor Neat Sense data (temperature, humidity, air quality, etc.) and a remote camera can be used to view the physical state of the room, enabling admins to identify any potential set-up needs before the start of a meeting.

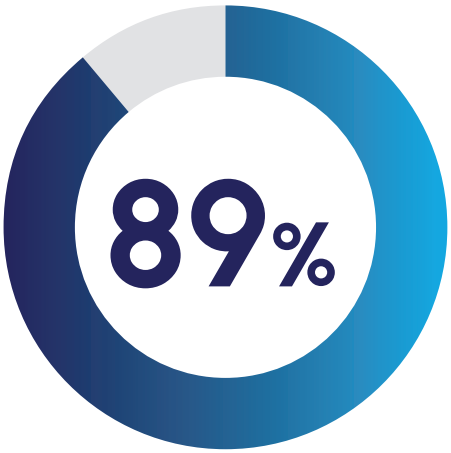
Neat Pulse also has the ability to set device profiles to enable management at scale and enforce consistency across an organization, offers audit logs to enable more visibility into changelogs, and permits the management of third-party licenses for other applications running on the device.

In addition, the use of Neat Pulse as a centralized hub for managing video conferencing devices and applications provides organizations the ability to collect and distribute key usage data, enabling better resource allocation and improved decision-making. For example, Neat Pulse support for SSO reduces the friction users experience while logging in and managing devices from multiple vendors. Neat Pulse also provides visibility into device provisioning, licensing, and status, and lets administrators easily identify usage patterns and import/export data via APIs to data visualization and analytics applications.

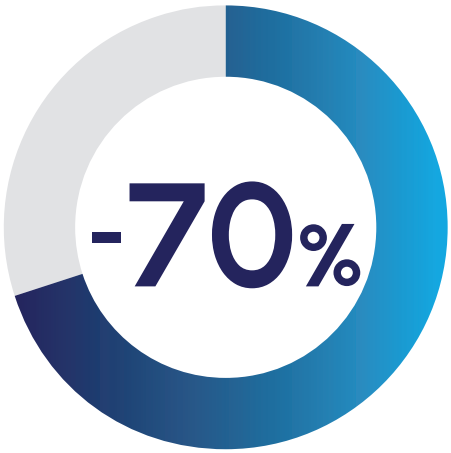
By reducing the complexity of video conferencing solutions and providing a more streamlined user experience, Neat helps organizations achieve significant savings in both operational costs and labor productivity, ultimately reducing TCO and driving greater organizational efficiency.

Data collected anonymously between September 2024 and October 2024 from a survey polling 59 Neat customers with over 16,000 meeting spaces collectively demonstrated how the solution can reduce TCO for customers. According to the survey, 56% of respondents reduced the total cost of ownership by 20% or more, and 81% of customers reduced at least 3 AV components since deploying Neat. Fewer AV components also reduces the number of potential points of failure, further reducing troubleshooting time and equipment downtime.

From a support perspective:



of customers were able to set up Neat devices in less than 1 hour, and 81% saved time starting meetings.



Users also saw a reduction in IT support tickets (70%); 71% of these saw a reduction of 25% or more in support tickets related to meeting rooms.

Ultimately, video conferencing solutions should be assessed using a TCO approach that incorporates both direct and indirect costs, as well as the hidden benefits that may arise over time. By leveraging TCO analysis, organizations can make more informed purchase decisions, improve operational efficiency, and optimize user experience, all of which contribute to a more cost-effective and productive video conferencing solution.

For more information about Neat video devices and the Neat Pulse platform, visit neat.no.

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AUTHORS

Keith Kirkpatrick
Research Director, Enterprise Applications | The Futurum Group

PUBLISHER

Daniel Newman
CEO | The Futurum Group

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ABOUT NEAT

Neat develops video collaboration devices designed for seamless virtual meetings. Its product portfolio includes solutions like the Neat Board Pro, which delivers high-quality audio and video for platforms such as Zoom and Microsoft Teams. The company integrates features like Neat Symmetry and Neat Boundary to enhance the user experience by optimizing video framing and reducing background distractions. Neat also offers Neat Pulse, a service that provides device management, support, and security to ensure reliable performance. With a focus on simplicity and functionality, Neat aims to improve video communication for businesses and organizations worldwide.

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CONTACT INFORMATION: The Futurum Group LLC | futurumgroup.com | (833) 722-5337