

The virtue in virtual

Business travel

Report: Sam McKeith

Technology is allowing business people to communicate without the usual travel and expense, but success requires overcoming new challenges.

The applications of technologies such as video-conferencing and virtual worlds, where online meetings are held anywhere from tropical islands to deluxe yachts, have been booming in the financial downturn.

However, they are also presenting new challenges for managers. Industry experts agree that economic imperatives aside, there is no substitute for an old-fashioned handshake and trust-building drinks to forge strong business relationships that rely on face-to-face contact.

At The Project Factory, a media company that helps firms develop a presence in virtual worlds, director Guy Gadney says more companies are taking virtual trips as they cut travel spending in the downturn.

"The cost of establishing a virtual presence is generally under \$100,000," he says. "This is why large global companies are so interested at the moment. In terms of the cost of employees travelling around the world, that's about 10 trips. If you've got a large business doing that on a regular basis, it just doesn't make sense."

The most popular virtual world on the internet is Linden Lab's Second Life, a site claiming 8.9 million online identities where users can interact with others in a 3D context.

In virtual worlds, business meetings are conducted as normal but at a fraction of the cost, Gadney says. "You log in as 3D characters, then turn up in a particular location, talk as if it was a phone conference, view PowerPoint presentations, share documents and even use instant messenger."

IBM Australia transferred its annual academy of technology conference to Second Life after dropping plans to hold it in the United States due to the global financial crisis. The conference, which took place on a virtual island and was attended by 400 engineers and programmers across Asia, ran at just 10 per cent of the normal cost. The company plans to take more conferences online this year as a result.

Video-conferencing is also on the rise as companies reduce spending on travel. Telstra's marketing strategy and analytics general manager, enterprise and government, Hugh Saddington, says the quality of modern video-conferencing hardware makes it a viable alternative to travel. "The whole game has changed. It's now a high-quality meeting, the quality of the screens is great, and you can see people right down to someone's moustache hair on the other side - it's crystal clear."

The system also has work-life balance advantages, he says. "What we're seeing in Telstra is people saying, 'I'd prefer to video-conference this call rather than travel down to Melbourne; if I travel, I can't do it until next week but I can do a video-conference today'. The individual saves maybe six to seven hours of travel time, which they can spend with family."

Telstra's enterprise and government division reduced its business travel expenses by 40 per cent this year due to video-conferencing. It has also been using "virtual conferencing", for example, holding an off-site meeting for 100 marketing staff and saving \$20,000 in travel expenses as well as 214 hours of travel.

Although video-conferencing is gaining supporters, it still is no substitute for shaking hands. "With a lot of technologies you're missing out on quite a large piece of important information in communication with non-verbal feedback," Allworth Juniper organisational psychologist and director Elizabeth Allworth says.

"And even if you're using video-conferencing, you are then getting some of that, but not to the same extent if

you're doing it face-to-face.

"It's important for managers to focus on the purpose of the communication. If it's about relationship building, then face-to-face is the best option. But for education, training and exchange of information, then technology can be very helpful."

Organisations replacing conventional travel with new technologies face certain challenges, eVideo Communications Managing Director Tom Morgan says. Managers need a lot of "hand holding" when learning how to operate video-conferencing hardware, "because nine times out of 10 the managing director walks into a room, picks up the remote - and it's not working because someone's unplugged something. That's where technical support becomes important."

Client management is also crucial, especially when dealing with overseas contacts. Unisys' procurement and workplace services director for Asia-Pacific, Prudence Jacobson, says that while her South Korean contacts appreciate face-to-face contact, budget cuts mean she relies on phone hook-ups supported by translators.

"I make sure I have people who work in the organisation who are Korean on the phone and translating it all to Korean, which is a better outcome than if I'm trying to speak to someone individually and communication ends up breaking down," she says.

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