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Mo' Videos, Mo' Money

Solving the Problem of Network Cost

When it comes to moving video bits around a corporate network, some executives see only one thing: dollar signs.

That's particularly true among companies that are extremely active in distributing online multimedia to enhance business communications. At these organizations, more videos translate into bigger concerns about ballooning network costs.

For evidence of this, consider the results of a question posed to 306 corporate IT directors by Interactive Media Strategies (IMS) in its 2Q 2008 survey.

Cost Is King

In the survey, IMS asked the IT executives to name the two factors that have the most influence on their decisions regarding whether to increase spending on networking resources to enable the expanded distribution of online multimedia. Among companies that deploy more than 100 online multimedia events per year, 46% described the prospect of "reducing costs associated with network distribution" as one of the two top factors influencing that network-purchase decision. That's more than any other factor in the decision process.

For these active users of online multimedia, the cost of networking is perceived as more important than guaranteeing the reliability of delivery and more important than ensuring that remote locations have access to the bandwidth needed to easily access multimedia content. In short, when it comes to online video in the enterprise, content may not be king after all. Instead, cost is king.

Against this backdrop, it can be maddening to try to understand what some IT executives are thinking when considering the deployment of networking solutions to address multimedia distribution issues within their organization. The bulk of respondents in the IMS survey (68%) said they would prefer to address the need for expanded multimedia distribution by increasing the capacity of their existing corporate networks. Essentially, in a multimedia networking market where costs are king, IT executives are saying they prefer the most expensive, Cadillac-style solution to their troubles.

The rest of the survey respondents were split on the means they prefer for expanding multimedia network capacity. About half of the remaining minority embraced content distribution networks (CDNs). The other half opted for peer-to-peer (P2P) networking solutions in which content costs are trimmed by caching multimedia on multiple

computers on a network. This minimizes traffic because requested content can be retrieved from a nearby cache rather than being hauled all the way from an organization's data center.

Historically, both CDNs and P2P solutions have faced their own sets of drawbacks when trying to address the needs of the enterprise. Most CDNs, for instance, have limited viability in providing services behind the corporate firewall. On the P2P side, high upfront deployment costs that can run into seven figures have hindered deployment at organizations that do not have the multimedia volumes to justify an implementation of P2P on a major scale. Corporate users would be well-served in giving these alternatives a second look.

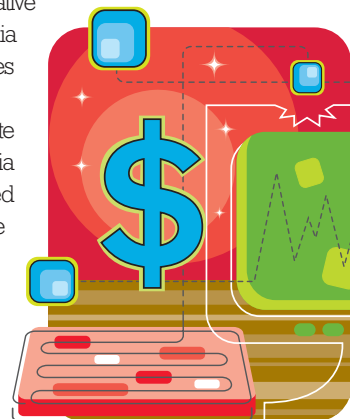
CDNs are well-suited for increasingly popular outbound communications applications in which businesses reach beyond their firewalls to deliver multimedia-enriched presentations to customers, partners, and other constituent groups. Several CDNs are making significant progress in developing solutions that blend the traditional strengths of CDNs and cache-style P2P solutions.

Pure P2P plays, likewise, merit a real second look from corporate users. Vendors such as Kontiki and Ignite Technologies have worked aggressively to update their product offerings, developing the equivalent of "hosted" solutions that allow corporate users to leverage the economies of scale of P2P without necessarily making a huge capital outlay upfront. While the specific features of selected P2P offerings do vary, the emerging set of solutions share a common vision for making P2P a viable alternative for companies that are starting small with multimedia but want to leverage the potential long-term economies of scale possible with a P2P implementation.

One would think that such a message would resonate with corporate users that use online multimedia most frequently and fret the most about the added costs that loom as multimedia becomes even more commonplace in the business setting. Rather than stewing about the dollar signs, executives can help themselves by recognizing the emerging breed of viable, affordable alternatives that are available to those willing to take a fresh look at what today's market has to offer.

Eyes on the Enterprise

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