The Virtual Meeting Ground

October 5, 2007 / By Catalin I. Cighi

Meeting space is a key feature of most upscale and luxury hotels, and as interest in remote-conferencing piques among business travelers, a space's technology can be as crucial as its square footage. Upscale and luxury hotels now have the opportunity to capitalize on "telepresence," a technology expected to enjoy a global market of $1.24 billion by 2013.[1] More than an improved version of teleconferencing, telepresence allegedly creates the illusion that people located in cities, nations, or even continents apart sit at different ends of the same table. This remarkable technology makes the virtual more tangible by means of life-sized images that are able to engage in eye-contact. Furthermore, telepresence practically eliminates any perceivable delays in the transmittal of video and audio, creating a meeting environment unmitigated by the stutters and freezes of traditional teleconferencing equipment.

During the past 18 months, technology firms such as Hewlett-Packard, Cisco, and a host of smaller competitors have focused on developing and marketing telepresence worldwide. Benefits quoted by the promoters include significant savings of time and travel costs. According to The Economist, Cisco achieved a 20% reduction in total travel costs and reduced takeover negotiation times from months to days by implementing telepresence into its internal operations. Reduced air travel translates into less carbon emissions, thus qualifying telepresence as environmentally friendly. The product is primarily targeted to international corporations and government agencies, but it addresses the needs of any organization that relies on significant global coordination of its operations.

The main challenges to adopting this technology are the high upfront investment and a wary consumer base. In the United States, a single telepresence hub costs up to $350,000 to implement and approximately $18,000 per month to maintain. To achieve significant efficiency, a global organization would need to set up at least five telepresence hubs in strategic international locations. Potential clients question the wisdom of the substantial investment in a technology that may not deliver on its promises. Herein lies the opportunity for an international hotel chain. An international hotel chain is strategically positioned to profit from adopting telepresence because it already enjoys:

1. Being at the *right place*: Many international, high-end properties are strategically located in financial and political centers, and within steps of the global corporations and government organizations that constitute the target audience of telepresence.
2. Being at the *right time*: Telepresence has yet to prove its value and gain momentum in the corporate arena; hence, hotels can offer a low-cost opportunity for potential clients to experience the benefits of the product without the perceived peril of a significant financial commitment.
3. Having the *right resources*: High-end properties already have in place the full-time customer service and technical support needed to offer continual access to clientele; thus, communication across distant time zones is not an issue.

The benefits of adopting telepresence include:

1. *Prestige and character* afforded to a hotel's brand image: To strengthen the illusion of presence, furniture and décor must be identical in coordinating telepresence hubs, thus creating the opportunity for hotels to promote their image through singular design elements to a select, captive audience.
2. *Induced demand*: While this technology is offered as an alternative to long-distance travel, we expect regional travel for telepresence meetings to result in room-nights and ancillary demand for the hosting property.
3. Potential *tax benefits* for adopting an environmentally friendly technology (as well as an enhanced public image for operating "green").

Summary

Why telepresence is a nascent revenue opportunity for upscale and luxury hotels.

3 Comments

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4. Increased revenues: Revenues from renting out the facility can be significant. Given the global audience, the potential utilization of a single hub is 24 hours per day. Given the scale of the hotels located in financial or governmental districts, as well as the high-end target market, the rate potential is quite promising.

We have merely touched on the concept of telepresence as a revenue source for high-scale hotels, and a greater goal of this article is to introduce, by means of this example, an imminent paradigm shift in the lodging industry. The evolution of technology will help hotels to actualize neglected potential and become meeting ground for new products and potential consumers. Future articles will further explore this horizon and offer other potential applications for consideration.

For further reading on telepresence:

http://www.telepresenceworld.com/

http://www.cisco.com/en/US/products/ps7060/index.html

http://www.hp.com/halo/

http://en.wikipedia.org/wiki/Telepresence

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[1] Economist article, print edition August 23rd 2007 "Behold, telepresence: Far away yet strangely personal."