Finding the Right Approach to Unified Communications and Collaboration Deployment: Is Cloud the Answer?

Insights into Customer Perceptions of UCC Benefits, Challenges, and Deployment Strategies

INTRODUCTION

Many businesses are deploying unified communications and collaboration (UCC) in order to gain operational efficiencies, increase employee productivity, accelerate decision making, and foster innovation and creativity.

Technology advancements along with customer trends such as increasing workforce mobility and the rise of the virtual organization are driving UCC adoption among businesses of all sizes and verticals. However, the specific UCC benefits and implementation challenges vary considerably among individual organizations. Businesses are choosing different deployment models for their UCC solutions: some prefer to keep their UCC infrastructure on their premises, whereas others opt for a cloud delivery model. Deploying UCC in the cloud offers significant advantages such as flexibility, rapid roll-out of advanced functionality, and access to a broader pool of technical expertise; however, some customers have security and control concerns related to this business model.

Frost & Sullivan held a series of Virtual Think Tanks — roundtable discussions with information technologies (IT) decision makers from multiple industries—in order to gain insight into the following issues:

- Business objectives addressed with UCC technologies
- Challenges related to deploying UCC
- Advantages and disadvantages of deploying UCC in the cloud
- Perceived value of the various applications and capabilities in the UCC stack and, more specifically, the importance of mobility in a UCC deployment
- Purchase criteria when selecting a UCC solution and provider, and requirements for solution packaging
- Customer expectations regarding vendor/provider involvement in UCC solution design, implementation, and ongoing support

CUSTOMERS LOOK BEYOND COST SAVINGS IN A UCC DEPLOYMENT

Businesses increasingly acknowledge that advanced communications and collaboration technologies can deliver a competitive edge. Ongoing economic uncertainty and the need to continually improve operational efficiencies in order to stay competitive, are compelling businesses to deploy technologies that reduce costs. For example, businesses increasingly deploy IP telephony in order to decrease the cost of both internal and external communications, as well as the ongoing costs of infrastructure maintenance and management. Similarly, they are adopting conferencing and collaboration technologies in order to avoid travel costs and enable flexible work programs that help reduce real-estate expenses.

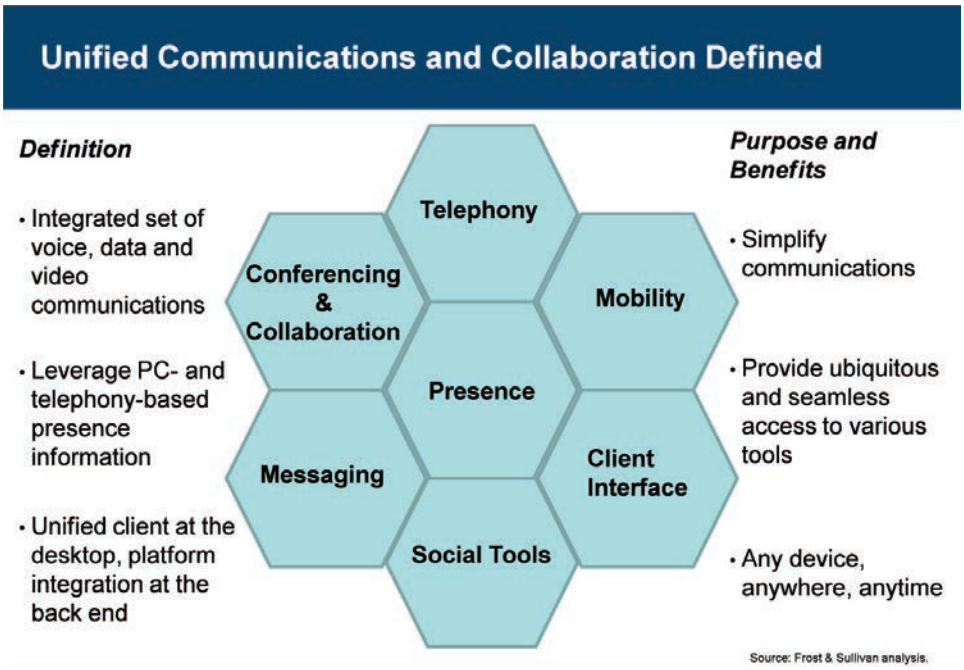
Most businesses are also aware, however, that advanced technologies can deliver greater benefits than just cost savings. Outdated infrastructure such as time division multiplexing (TDM) private branch exchanges (PBXs) no longer support the evolving user needs for mobility and effective collaboration among geographically dispersed teams.

Virtual Think Tank participants shared their vision for the role of UCC technologies in delivering broader business benefits beyond cost reduction.

"From our standpoint, while cost reduction is always something that is way on the top, I don't see this [UCC], nor do most people see this, so much as a cost play, as it is one of agility for the business, and quality for the business," stated one of our participants, the Vice President of Enterprise Support Systems of a leading online and print media company with publications in the scientific, technical, and medical fields.

As a global organization with multiple locations all the way from the Far East to Europe and North America the publication company manages a significant footprint with a complex IP network and communications infrastructure. Its main objective today is to streamline IT operations through software virtualization, cloud infrastructure, and UCC technologies.

"The unified communications piece to us includes everything from the collaboration world to the online telecommunications and telephony pieces integrated into video conferencing, whether that be desktop, mobile device or facilities," elaborated the company's spokesperson.



Participants agreed that capabilities such as IP telephony; presence; mobile integration; and advanced audio, web and video conferencing can greatly improve user efficiency and productivity, regardless of the physical location, network or type of communications endpoint used; accelerate decision making; and enable superior customer service.

While our Virtual Think Tank participants are deploying UCC technologies to address varying business objectives, they reported a number of common UCC benefits and adoption drivers, including the following:

- Upgrade and consolidate communications infrastructure across multiple locations
- Enhance both internal and external (e.g., with partners) collaboration
- Support growing user demand to access corporate communications applications on mobile devices of their choice (i.e., address growing bring-your-own-device (BYOD) trends)
- Reduce travel costs
- Enable remote working in order to reduce real-estate costs and expand the talent pool beyond the geographical boundaries of the company's main locations
- Enable faster and more creative decision making and thus make the business more agile
- Improve customer service

Many saw a strong connection among collaboration tools, user productivity, and overall organizational success rates.

Niel Nickolaisen, CIO of Western Governors University, is looking to use UCC technologies to improve internal collaboration, but also—increase student graduation rates. "Academia by its very nature is a very heterogeneous environment. We are fully immersed in the whole BYOD movement and pretty much all of us live and die by our cell phones or iPhones around campus", says Niel. "We want to increase customer retention, and we think a very high-touch and multi-channel communication with our students will help achieve that goal," he added.

Roger W. Parks, CIO at J. R. Simplot, a food-manufacturing company, shared a similar view: "We really see these tools facilitating real-time connectivity and collaboration among our global employees, because we have such a diverse work group around the globe, and what we are seeing are reduced costs and eliminated huge amounts of travel expenses, but also increased productivity and collaboration across the entire enterprise."

"We have to make sure that our expert knowledge becomes scalable," stated the CIO of a concierge services firm. "Ultimately it's around engaging our customers or our clients' customers in a way that provides them the greatest information and access possible so that they have a really unique personalized experience," he added.

Others saw significant benefits in adopting UCC technologies for the purposes of reducing real-estate costs and enabling highly effective work-from-home programs.

The media company's Director of Shared Services is looking to reduce facilities' expenses and believes that this can be accomplished if the organization can improve its collaboration capabilities beyond just phone calls and e-mails. "I look at UC as an extension of not only our travel policy but kind of like an open door into potentially reducing our physical-facility expense," she explained.

A major global financial services company with over 40,000 employees is also looking to leverage UCC technologies to reduce real-estate expenses and enable further efficiencies through a work-from-home program. Its UCC focus is currently on integrating existing collaboration tools within the company's IT environment. "By 2015, we plan on reducing our real-estate footprint by 50 percent of what we are today," explained its Chief Technology Architect.

Sprint's Director of Solutions Engineering Dave Falter had some impressive statistics to share: "Through cloud UCC technologies, Sprint has managed to considerably consolidate its communications infrastructure and thus accomplish tremendous cost savings on its real-estate footprint. We have shrunk our physical footprint significantly to achieve roughly $30 million in savings on an annualized basis."

COST AND CULTURAL BARRIERS DICTATE A PHASED APPROACH TO UCC DEPLOYMENT

As our Virtual Think Tank discussions confirmed, most businesses face budget constraints when deploying advanced UCC technologies. Smaller businesses have limited access to the capital needed for a major infrastructure upgrade. Some advanced technologies deployed on the customer premises such as video, for example, require a significant upfront investment as well as costly ongoing maintenance and management. Larger businesses, on the other hand, are managing complex infrastructures comprised of multi-vendor technologies that have different lifecycles and evolution roadmaps. Frequently, multi-site organizations have decentralized decision-making structures and processes that require considerable coordination when deploying new technologies.

Furthermore, most businesses have a varied workforce in terms of functions and roles with different technology needs and requirements. Some organizations also face industry-specific regulatory and legal challenges that limit their adoption of certain UCC tools and capabilities.

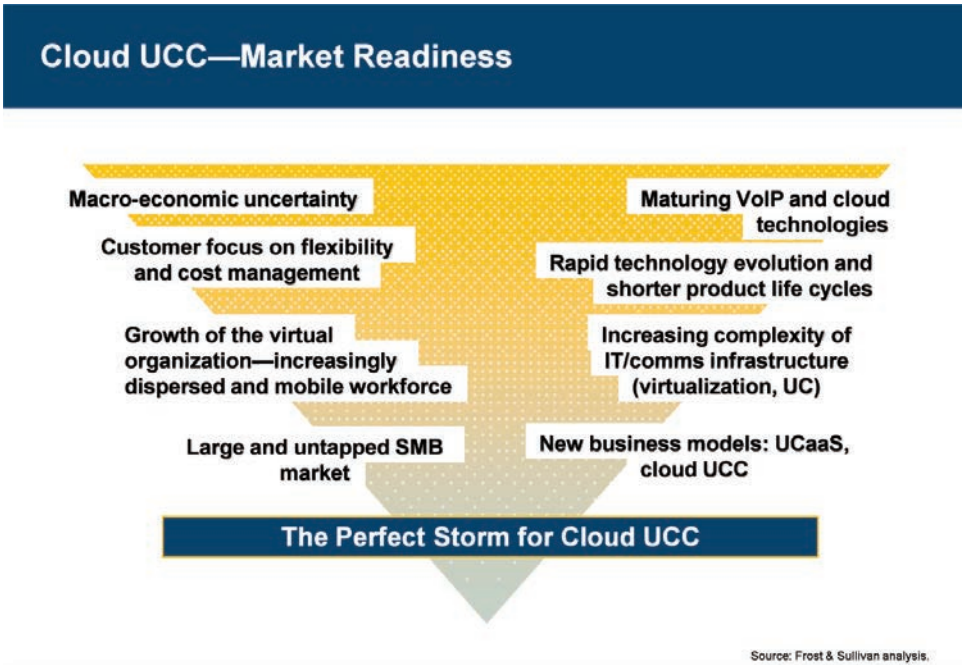
Finally, there are additional cultural barriers in most organizations. There are often decision makers and influencers who are content with the status quo or are simply hesitant to invest in more unfamiliar technology tools. End users may also be reluctant to change their working habits and thus fail to reap the benefits of the newly deployed tools. The need to train both IT staff and end users adds to the cost of technology implementation and is frequently a barrier to UCC adoption.

Therefore, most businesses typically deploy advanced technologies in a phased manner, starting with the sites and capabilities that can help validate the UCC value propositions. This approach allows businesses to more carefully allocate funds, train staff, monitor return on investment (ROI), and gradually nurture internal UCC advocates. Businesses must acknowledge the need to involve higher management in the decision-making process and foster the implementation of policies that ensure more effective utilization of the new tools.

"It was a long journey and eventually needed to be sold at the absolute highest levels of the company to change the way in which we do business," admitted Sprint's Dave Falter, whose organization, had the most extensive experience in transitioning from a legacy environment to a modern cloud UCC infrastructure among Think Tank participants.

CAN CLOUD SERVICES FACILITATE UCC DEPLOYMENTS?

Customers are increasingly aware of the benefits of cloud UCC and hosted solutions. Maturing cloud technologies along with the growing number of mobile and remote workers are driving a shift in UCC deployments from the premises to the cloud.



Hosted communications and cloud UCC services help address many challenges related to UCC deployments. By reducing CAPEX requirements, cloud services enable budget-constrained businesses to adopt advanced technologies at their own pace—one site or one functionality at a time. With cloud solutions, multi-site organizations can gradually consolidate their infrastructure and deliver specific capabilities to their diverse workforce based on user needs rather than user geographical location or locally deployed technologies. By outsourcing the communications infrastructure maintenance and management to an expert third-party, businesses can re-allocate internal IT staff and thus gain operational efficiencies.

Sprint's Dave Falter shared many useful insights and thought leadership about the benefits and challenges of deploying UCC in the cloud. Sprint is at the forefront of leveraging advanced UCC and cloud technologies for considerable cost savings as well as broader business benefits. The company has replaced its aging PBX infrastructure with a highly effective and feature-rich cloud UCC solution that not only saves costs but also much better accommodates the company's evolved organizational structure and user needs. In addition to the $30 million in real-estate cost savings mentioned above, Sprint has also been able to accomplish the following, saving approximately $13M per year:

- Replaced TDM circuits with a SIP architecture at 450 Sprint sites
- Replaced 489 legacy PBXs with Microsoft Lync and a cloud infra structure which eliminated bi-annual PBX upgrade costs
- Moved from a third-party conferencing provider to Lync Live Meeting
- Realized "green" savings of $700,000 annually from eliminating the need to power and cool legacy PBX equipment

"There were hundreds and hundreds of PBXs and phone switches, thousands of trunks, it was very hard to manage the releases, the human overhead required to just manage [the infrastructure] was overwhelming. So we collapsed everything down to two cloud data centers," shared Falter.

Other Virtual Think Tank participants also shared their perceptions of hosted communications and cloud UCC services.

"One of the most difficult parts for me [about deploying UCC], being a small mid-sized company, is having to re-train my IT and telecommunications personnel to deal with that, to manage and administer the new platform; also, the effort that needs to go into training the rest of the organization so you can actually realize some of the efficiencies and cost savings that you can get out of UCC," shared Mauricio Vicente, CIO at Language Services Associates. "Hosted UCC platforms all of a sudden look like an easier way to deploy what you wanted to deploy before," he added.

"And the reality is that there are security capabilities that are now starting to catch up to a lot of the need for the cloud-based offerings, so there are ways to go about it and do it in a secure manner that will allow you to still meet your regulatory requirements and provide that type of collaboration and incentive," commented Larry Whiteside, Director of Enterprise IT Security at Spectrum Health Systems.

"If we ever really want to get a truly integrated unified communications [solution] just for our phone systems, I don't see any other way of doing it other than a cloud service," stated the Corporate Vice President, Corporate Business Information Solutions, at a science and technology organization.

"So, part of the appeal of UC and the cloud is it does allow us to kind of tailor the range of capabilities from simple dial tone to the more immersive experience, without necessarily having to get into the licensing issues of a call manager platform, premises-based platform or things like that," explained Niel Nickolaisen of Western Governors University.

CUSTOMER PRIORITIES, PURCHASING CRITERIA, AND VENDOR REQUIREMENTS

Businesses are prioritizing investments in different UCC capabilities based on existing infrastructure, budget, user needs, and other criteria. Most of our Virtual Think Tank participants discussed plans to consolidate and upgrade their PBX/telephony infrastructure first and then lay other services on top of it. The need to replace aging and disparate telephony systems is frequently the trigger point for more holistic technology upgrades. However, shifting user demographics and needs and geographic expansion represent additional factors that drive UCC consideration and adoption. Mobility ranked very high on our panelists' priority lists as they all experienced challenges with users bringing their personal devices into the workplace. Conferencing and collaboration technologies were also identified as key tools and priority investments to reduce travel costs and improve collaboration.

In addition to cost, features, and functionality, panelists acknowledged the need to focus on other essential capabilities when investing in new technologies; additional criteria included usability, supportability, sustainability, and time-to-benefit of each solution. They pointed out that having a single solution provider deliver the full UCC stack was a significant benefit. Finally, most participants agreed that a holistic approach is most likely to deliver the best results in a UCC deployment.

"There is a lot out there and it takes a lot of effort and a lot of brainpower to think about it holistically. So piecemeal seems to be kind of the way that it ends up going, but at a certain point we have to think about it holistically so that we don't purchase overlapping type systems and end up not being completely happy with what we did," stated the Director of Shared Services of the print and online media company.

CONCLUSION

More and more businesses are reaching a cross roads; they need to decide when and how they will replace their aging systems with next-generation UCC solutions. Many are considering the cloud as a more cost-effective and flexible deployment model. Though challenges abound, customers are seeing benefits in enabling mobility and collaboration as means to improve productivity and enhance business agility. Vendors and service providers must enable businesses to employ a more holistic approach in the migration process and to ensure that the UCC solutions deliver cost efficiencies and are easy to use, support, and manage.