

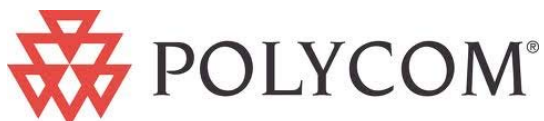
Impacting Your Business Drivers

A Framework for CIOs and Decision Makers Considering Unified Communications

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Sponsored by:

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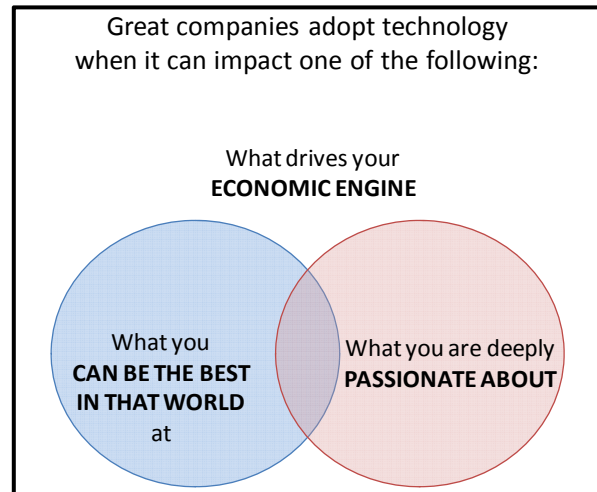
Technology and Your Business Drivers

In his landmark book titled, “Good to Great”, business management strategist Jim Collins articulated why some companies become great while others do not. One portion of his research concludes that great companies adopt new technology only when it impacts their business drivers or when they are required to in order to maintain technological parity with competitors. Otherwise it should be ignored.

This concept provides a useful framework for CIOs and decision makers considering whether or not unified communications (UC) technologies should be adopted into their organization, and if so, to what extent. The question really should be, “Can unified communications impact my business drivers, and if so, how?”

Answering this question makes the issue of whether or not to adopt UC a binary decision: either it positively impacts my business drivers or it doesn't. If it does, adopt it; if it doesn't, then it can be ignored for the time being.

To level set what we mean by the term unified communications, we are referring to technologies that allow us to easily collaborate with one or more people using any combination of voice, video, instant messaging, or web conferencing. A fundamental component of a UC system is “presence”, which is a visual indicator showing if a person or a group of people is available to collaborate by signifying whether people are busy, on the phone, in a meeting, away from their desk, traveling, etc.



Adapted from Jim Collins, “Good to Great”, p. 96

The Economic Engine of UC

As illustrated above, the economic engine of the business is one of the three key drivers CIOs and decision makers must consider when making business decisions. Clearly the economics must work or the other drivers really don't matter. So let's first talk about the economics of unified communications.

There are fundamentally two ways UC solutions impact an organization's economic drivers: hard savings, and soft productivity gains.

The Hard Savings In UC

Organizations can realize hard savings in three areas with a unified communications solution:

1. Savings through centralization,
2. Savings through travel avoidance, and
3. Savings by bringing multiparty audio and video bridging in-house.

Centralization

Centralization typically involves eliminating costly and redundant telephony gear at branch offices. By centralizing PBX resources, organizations may see savings from

- Reducing the number telephone trunk lines by centralizing access to the PSTN
- Obtaining less expensive SIP trunks versus PRI trunks

- Reducing long distance costs by having calls routed over the organization's IP network versus the PSTN network
- Reducing long distance costs using least cost routing and intelligent mobile phone clients
- Reduced system maintenance and personal costs

Virtualizing a centralized communications solution may also produce savings through reduced real estate requirements, lower power consumption, and lower hardware costs.

Travel Avoidance

Videoconferencing vendors have shown for many years that real cost savings can be achieved when people use video conferencing, instead of traveling. Web conferencing is also used for travel avoidance. Some organizations are now saving millions of dollars each year by using conferencing instead of traveling.

Travel savings may be difficult to quantify, however, unless an organization's accounting practices are such that travel costs are rolled up throughout the organization. We often find that many travel costs are hidden in departmental budgets; consequently, care has to be exercised to assure that all travel costs roll up in order to quantify the total savings that can occur through a concerted web and videoconferencing travel avoidance initiative.

In-House Conferencing

Most organizations use a "meet-me" audio conferencing service in which people participating in the call dial into an audio conferencing bridge offered by a conferencing service provider.

Some unified communications solutions, like Microsoft's new Lync product, provide audio and video bridging as part of the solution. Organizations who buy Lync can see significant cost savings by having audio and video conferences bridged using Lync as opposed to paying a service provider. This particular solution works even better when using group and personal videoconferencing units from Polycom, which plug and play with Microsoft Lync, because Lync can provide multiparty video bridging for these integrated units at no additional cost.

We do not necessarily recommend that all audio and video conferences be done using Lync's audio and video bridging capability. For example, calls with large numbers of participants or calls requiring an operator attendant should still be done through a service provider. However, many of the regular, day-to-day conferencing calls can be done using Lync. As a proof point, one Wainhouse Researcher recently participated on an audio conference call that was bridged using Lync. This researcher commented, "I attended the call as a 'Lync Guest' using a USB headset through my PC. After clicking on the invite link, I had access to a meeting roster, a "who is talking" indicator, mute / volume controls, etc. Some of the attendees were on PCs / headsets, others were using PSTN connections - so it was a 'mixed mode'

It's Business Efficiency Too

It's not just travel avoidance where UC solutions can make big differences. They can also produce significant time savings.

For example, in Istanbul, Turkey, the cost of driving across town for a meeting is minor. However, the time required to do so can often be several hours each way.

Similarly, a person traveling internationally for a single meeting may require a full day just traveling before and after the meeting, in addition to the personal wear and tear incurred. Clearly in person face-to-face encounters are necessary sometimes, but a high definition video meeting can, in many instances, save time and money while

conference call. It was the best VoIP experience I have had. Wide band audio¹ with the participants that were also on PCs (PSTN attendees were of course narrow band), zero glitches... Very natural sounding. Another data point that Lync audio has 'arrived'."

The Hard Savings Reality

Notwithstanding these areas of hard cost savings, we often see that most companies end up with the same total spend with a UC solution as they did without one. However, with the same spend, they are usually able to do much more with a UC solution, including achieving a significant number of soft productivity gains. Each organization will have unique costs and conditions, so a careful analysis will be required.

The Soft Productivity Gains in UC

UC soft savings ultimately revolve about improved organizational or individual efficiency. These are not measured in terms of dollars, but they are nevertheless, real and important benefits to an organization. Consider that many employees suffer from information overload today in the form in email, tweets, voice messages, etc. Some companies with a UC solution have discovered that presence and instant messaging can completely eliminate internal voice messaging. Imagine not having a single voice mail from an internal colleague! This would clearly be a benefit in many organizations.

In fairness, we should point out that excessive "IMing" can be interrupting and distracting; however, our experience is that when used with reasonable etiquette, IM and presence can be highly effective as an efficiency enabler. You can't specifically measure this benefit, but it is nonetheless very real.

Other companies are experiencing tremendous benefit from the use of video. We are aware of several media companies that use Polycom video equipment between a "shoot" on location and the film director, who is at another location, allowing instant feedback and modification on how a movie scene is filmed. Other companies are using video to instantly review manufacturing processes and products. For example, an outdoor sports company now reviews how backpacks and other gear look immediately after stitching to assure that they meet quality and aesthetics parameters. Some organizations are using video via a portable laptop computer and a wireless network to allow remote experts to troubleshoot equipment problems when a local service technician runs into difficulty. Similarly, some banks and mobile phone companies have installed video kiosks in their branch offices so that remote specialists are available to customers via video rather than having specialist resources in every branch.

While difficult to quantify monetarily, the soft savings derived from UC can be very beneficial to many organizations.

UC and What You Do Best

"When used right, technology becomes an accelerator of momentum, not a creator of it²." A term being used in the market these days is CEBP, or communications enabled business processes. Organizations that have communications-enabled their business processes have seen tremendous returns.

We can liken UC and CEBP to using scanners in a retail operation. Wal-Mart uses these as an integral part of its inventory and procurement system, even extending it out to all of its suppliers. This company has integrated this technology into its business processes and has become the largest – and some may argue, the best – retailer in the world by doing so.

¹ Wideband audio is a technology that extends the frequency range in a conversation often resulting in much higher voice fidelity.

² Jim Collins, "Good to Great", HarperCollins Publishers, 2001, p. 152.

In like manner, companies can deploy unified communications as one component within a business workflow, which when incorporated into an overall process, can significantly help them become much better at what they do. These companies are able to achieve significant hard productivity gains and process benefits that are ultimately many times greater in value than the cost of the entire UC system.

Because each organization is different, even within the same vertical market segment, there is often significant opportunity to improve what the organization does by communications-enabling the everyday business process that make the company the best at what it does.

Hard Productivity Gains

The hard productivity gains resulting from unified communications solutions are usually not measured in terms of dollars and cents, but rather in the key metrics that reflect performance. Consider, for example, a hospital in New Mexico went from seeing 70 – 90 patients per year for a particular chronic disease to seeing over 3,000 patients per year by instituting a statewide video telehealth program that leveraged doctors' expertise in the hospital by allowing them to interact with patients living in underserved rural areas. This hard productivity gain measured in terms of patients treated is over 2300 percent!

Another hospital cut the time it takes for a nurse to respond to a patient summons from several minutes to under 30 seconds using UC technology. In this particular instance each nurse is supplied with a mobile device that provides wireless voice over IP capability along with a color display that shows patient data. When the patient presses a button in the room to summon the nurse, the nurse assigned to that patient can respond using voice through the mobile device regardless of where the nurse may be located on the floor, and the nurse can see instrument readings measuring that patient's vital signs. The hard productivity gain measured in nurse response time is 300 percent.

A growing technology company concluded that it needed to change how it used its highly specialized overlay sales engineers. Historically, a sales engineer was paired with an account representative, and both covered a particular geographical territory. This often required significant travel time on the part of the sales engineer, and while traveling, the engineer could not be interacting with customers. The company decided to create a cadre of sales engineers who could serve any account manager from remote locations. The account manager carried with him or her a PC-based unified communications and collaboration solution that included voice, video, and data sharing capabilities. Because the engineers no longer needed to travel, but could interact face-to-face with customers remotely using video and other UC capabilities, these sales engineers significantly increased the number of customer interactions. The hard productivity gain measured in terms of the number of customer touches was 40%.

Many more examples of hard productivity gains can be cited; the point is that while these gains are not measured in terms of hard dollars, they are measured in terms of the metrics that matter most to the organization.

Productivity Gains

It's not just top line revenue or cost avoidance that needs counting. Other key productivity metrics that ultimately contribute to the success of an organization are very important.

A hospital now sees 3,000 patients per year using UC technology instead of 90. This is a significant hard productivity metric.

Nurse call time decreases from several minutes to under 30 seconds using UC. What difference does this make to the organization delivering with patient care?

A technology company gets 40% more customer touches using UC. Is there value here? Clearly!

UC and Company Passion

Passion about what a company is all about is essential. People don't need to be passionate about the mechanics of how a company runs, but they need to be passionate about the company. For example, Ben and Jerry's ice cream is passionate about environmental and social issues. The company donates 7.5% of pre-tax income to these endeavors. Lending companies may not have passion for the loan process, but they may have passion for helping people get into homes.

Passion is a core component of any competitive organization, and UC can help. Many companies are finding that the fires behind the passion can be stoked by face-to-face interaction with management over videoconferencing and through streaming video to employees. Instant access to people through presence and IM are also proving very useful. The ability to instantly bring people into a voice, video, and web conference to achieve common goals that lead to fulfilling the mission of an organization are highly prized in organizations that have implemented unified communications.

The bottom line is that UC capabilities can enable a much greater capacity for people to collaborate on those things a company believes in and for which they are passionately trying to accomplish.

Actionable Next Steps

CIOs and managers need to ask themselves and their associates if the communications tools chosen by the organization positively impact 1) the economic drivers, 2) what the company does best, and 3) what the company is passionate about. Are there better or different ways of doing things that save money or generate revenue, improve the organization, or help it achieve its mission?



Decision makers can reevaluate their spend on PBXs and PBX maintenance, choosing to forgo buying new PBXs or upgrading old ones in favor of investing in unified communications solutions like Microsoft Lync which not only has call control, but provides presence, IM, and conferencing natively in the solution. When properly designed, UC solutions can positively impact an organization's economic drivers, help improve core proficiencies, and better enable accomplishment of the ultimate mission the organization stands for.

Decision makers should note that video is becoming more and more pervasive and increasingly important to companies as a way to enrich relationships and improve communication between employees and business partners. Video also often produces real economic cost savings over extensive traveling. Video interoperability is paramount, however, and organizations should ensure that their unified communications solutions include voice and

A Travel Wholesaler's Passion for Excellence

Seeking to be the best in the industry caused a travel agency to roll out UC to all of its employees and to its far-flung agent network.

Remote agents in several countries, who sold travel bookings for the company previously, relied on email, which resulted in slow information turnaround times and agent frustration.

With the UC solution, agents can see who in the company is available and immediately launch an IM, voice, or video session with that person to get answers. The travel agency also uses the UC solution to provide video and web training about new products and services. The speed of business significantly increased as did the bottom line.

video that seamlessly integrates with third-party solutions. For example, Polycom video units interoperate out of the box with Microsoft Lync, providing employees the instant benefits of in-context visual communications between desktop users and those in group settings.

One strategy for moving forward is UC-enabling a core project team, giving them the tools and training necessary to utilize UC in their daily work. In many instances, such employees will never want to go back to the old way of doing things before the unified communications system was deployed because they can do their work faster or better.

Placing technology adoption within the framework of financial drivers, extraordinary competencies, and purposeful passions creates the proper context for organizations to evaluate which technologies will enable them to achieve excellent financial results, become better than they have ever been before, and most importantly, accomplish those things about which they have zeal and enthusiasm. For many, unifying their communications systems can be a key enabler.

About the Author

E. Brent Kelly is a Senior Analyst and Partner at Wainhouse Research specializing in unified communications applications and enabling infrastructure. Brent has authored numerous reports and articles on unified communications including mobile unified communications solutions, detailed reviews of Microsoft's UC strategy as embodied by Office Communications Server, IBM Lotus Sametime and IBM Lotus' UC² Strategy, and Telephony-Based Unified Communications, which is a thorough description of PBX vendor unified communications offerings. He has also written reports about migrating to IP communications, video network service providers, and the collaborative reseller channel. Dr. Kelly has authored articles for Business Communications Review Magazine, NoJitter.com, and he has taught workshops in North and South America, Europe, and Australia as well as at major industry events such as Enterprise Connect (formerly called VoiceCon). With over 21 years experience in developing and marketing highly technical products, Brent has served as an executive in a manufacturing firm where he developed and implemented a manufacturing, marketing, and channel strategy that helped land national accounts at major retailers. Previously, he was part of the team that built the devices Intel used to test their Pentium microprocessors. He has also led teams developing real-time data acquisition and control systems, and adaptive intelligent design systems for Schlumberger. Brent has worked for several other multinational companies including Conoco and Monsanto. Dr. Kelly has a Ph.D. in engineering from Texas A&M and a B.S. in engineering from Brigham Young University. He can be reached at bkelly@wainhouse.com.

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