Unified Communications Business Case

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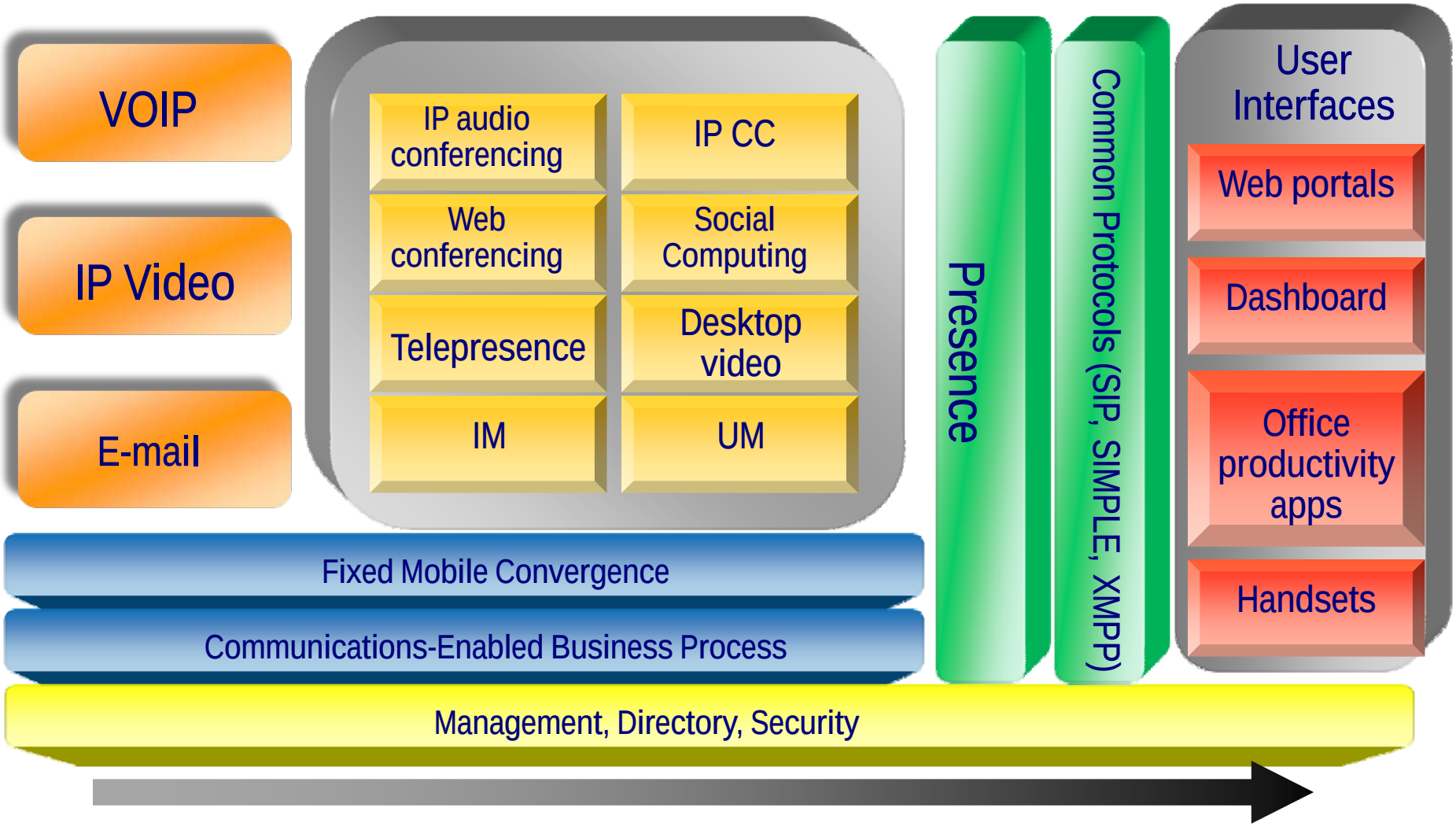
Agenda

- Unified Communications and the Virtual Workplace
- Key UC Challenges
- The UC Business Case
- Recommendations

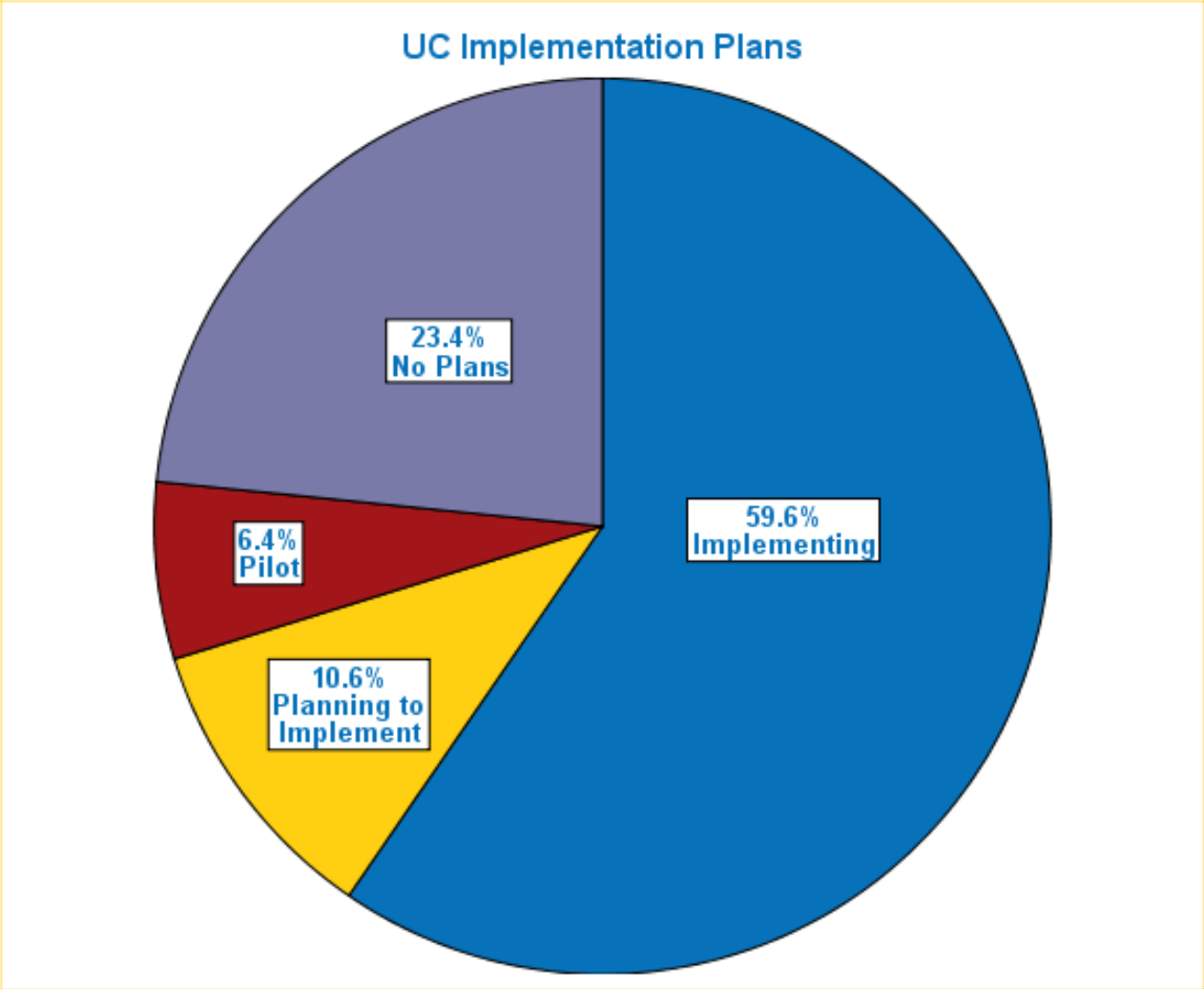
Unified Communications

- Integration of any or all communications, collaborative, and business applications.
- Presence guides users to the most appropriate means of communications
- Mobility extends applications and integration of applications
- Communications-Enabled Business Processes improve productivity

Technology Architecture & Evolution



UC: State of Deployment



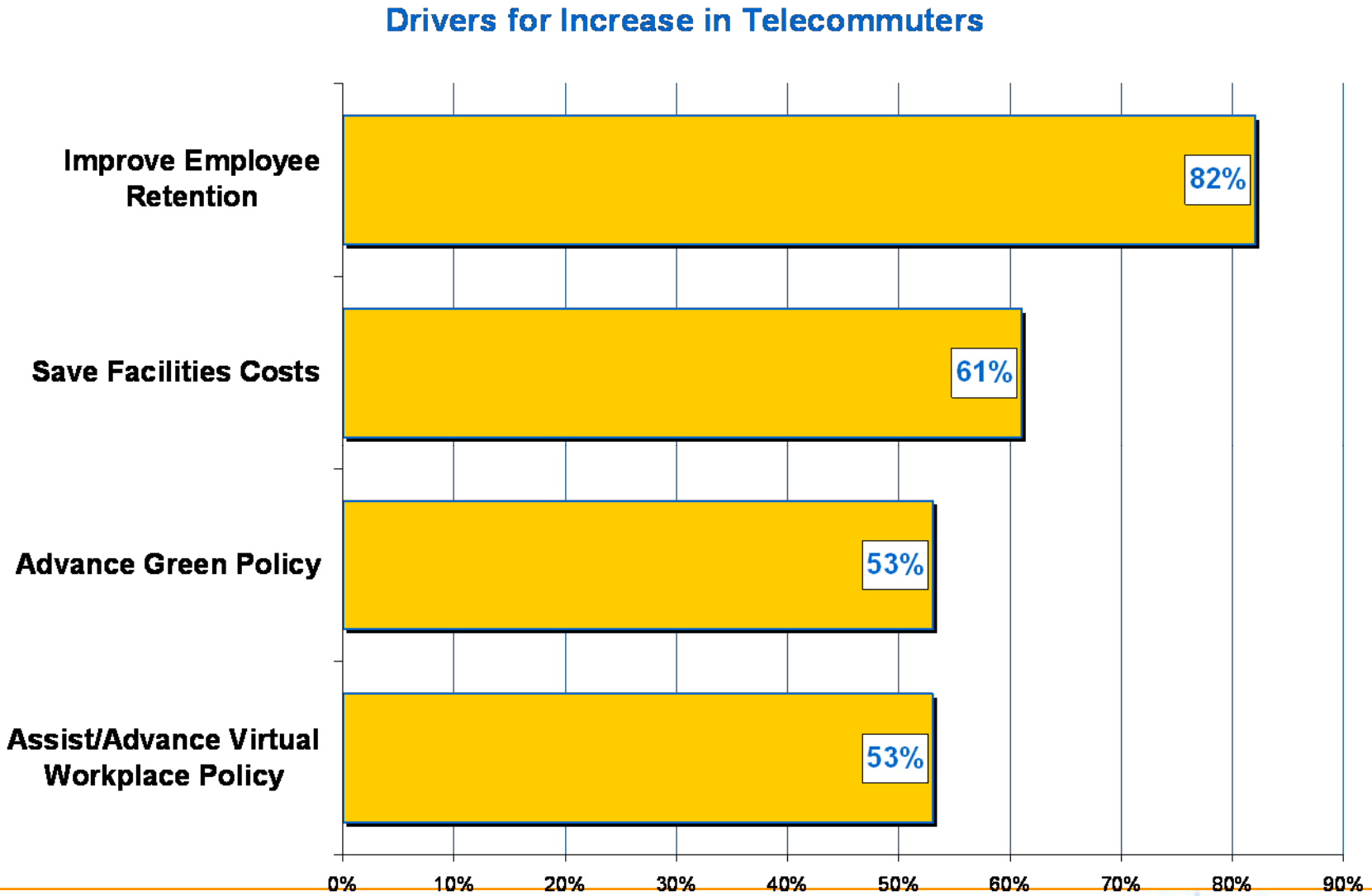
Why Unified Communications?

- Key drivers:
  - Workforce virtualization
  - Cost reduction
  - Increasingly available tools
  - Business improvement opportunities

Unconventional Workplaces

- 86% of organizations increasing telecommuters
  - 89% consider themselves “virtual workplaces”

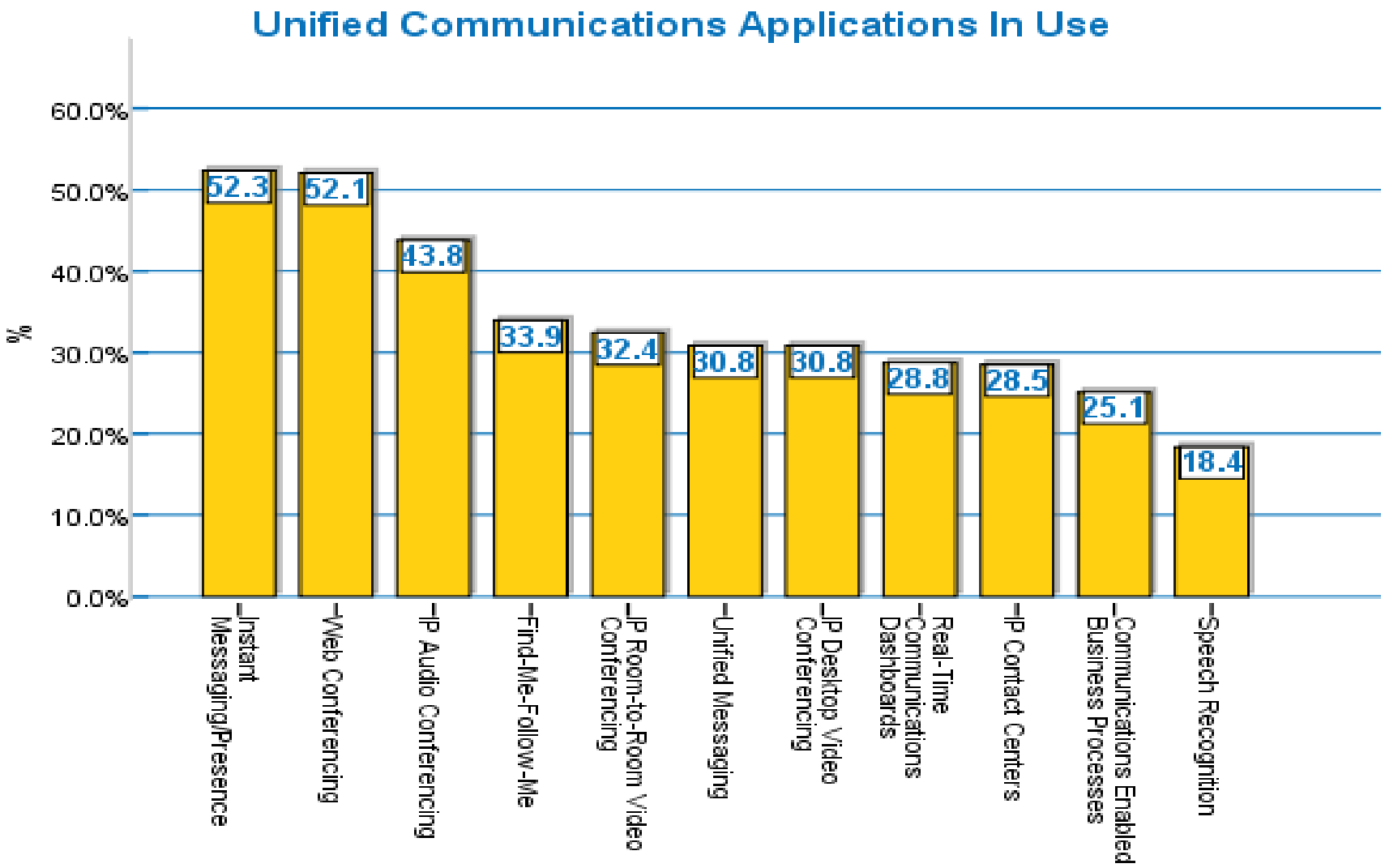
What are the Drivers for Increasing Telecommuters?



Cost Reduction

- Leverage UC opportunities to:
  - Reduce operating costs of disparate, disjointed systems
  - Implement newer technologies when possible
  - Take advantage of on-premises solutions versus hosted where there's an advantage
  - Leverage emerging SIP-based services
  - Reduce telecom cost via alternative technologies
  - Reduce travel
- A shift from strategic to tactical

Increasingly Available Tools



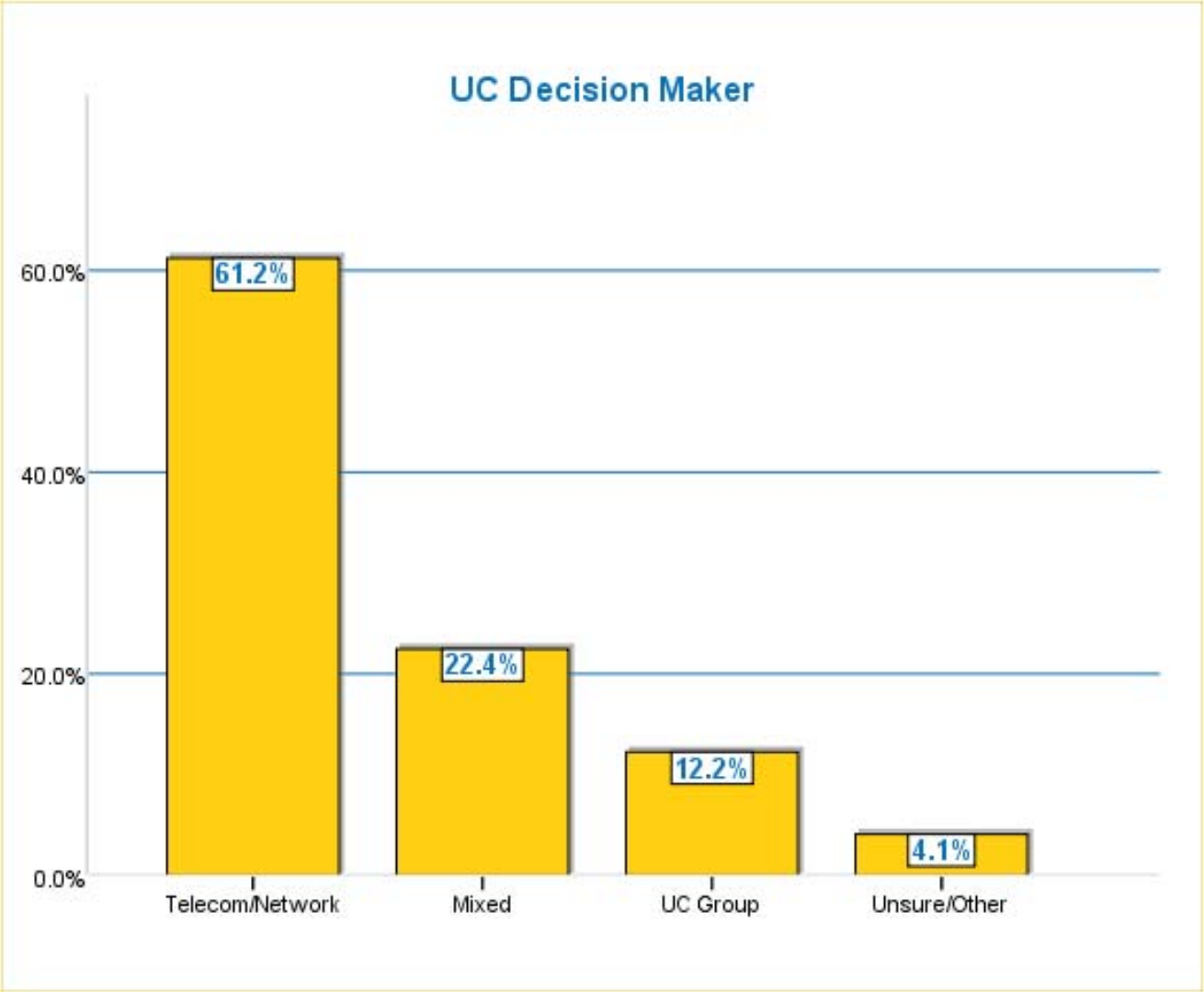
Business Process Integration

- Communications Enabled Business Processes (CEBP)
  - Integrating communications services and business process applications
  - UC as a “Web Service”
- Example scenarios:
  - Automated inventory notification
  - Event routing and alerting
  - Numerous vertical solutions emerging (health care, field tracking, manufacturing

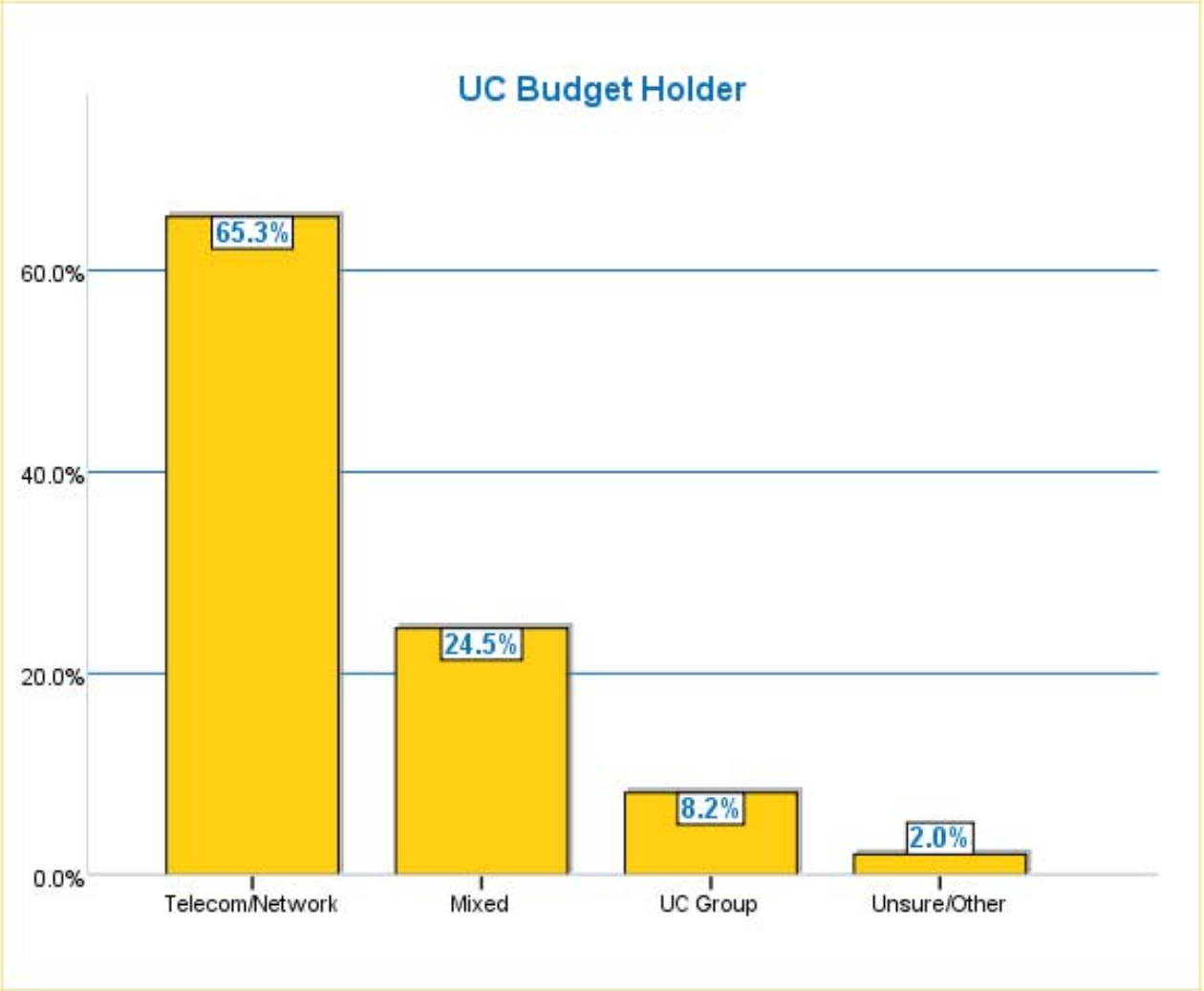
Key UC Challenges

- Organizational challenges
  - What's the right organization?
  - Where do we begin?
  - How do we build the business case?
- Technological challenges
  - Directory
  - Integration
  - Management
  - Network
  - Mobility
  - Security/Compliance

Who Makes Decisions Regarding UC?



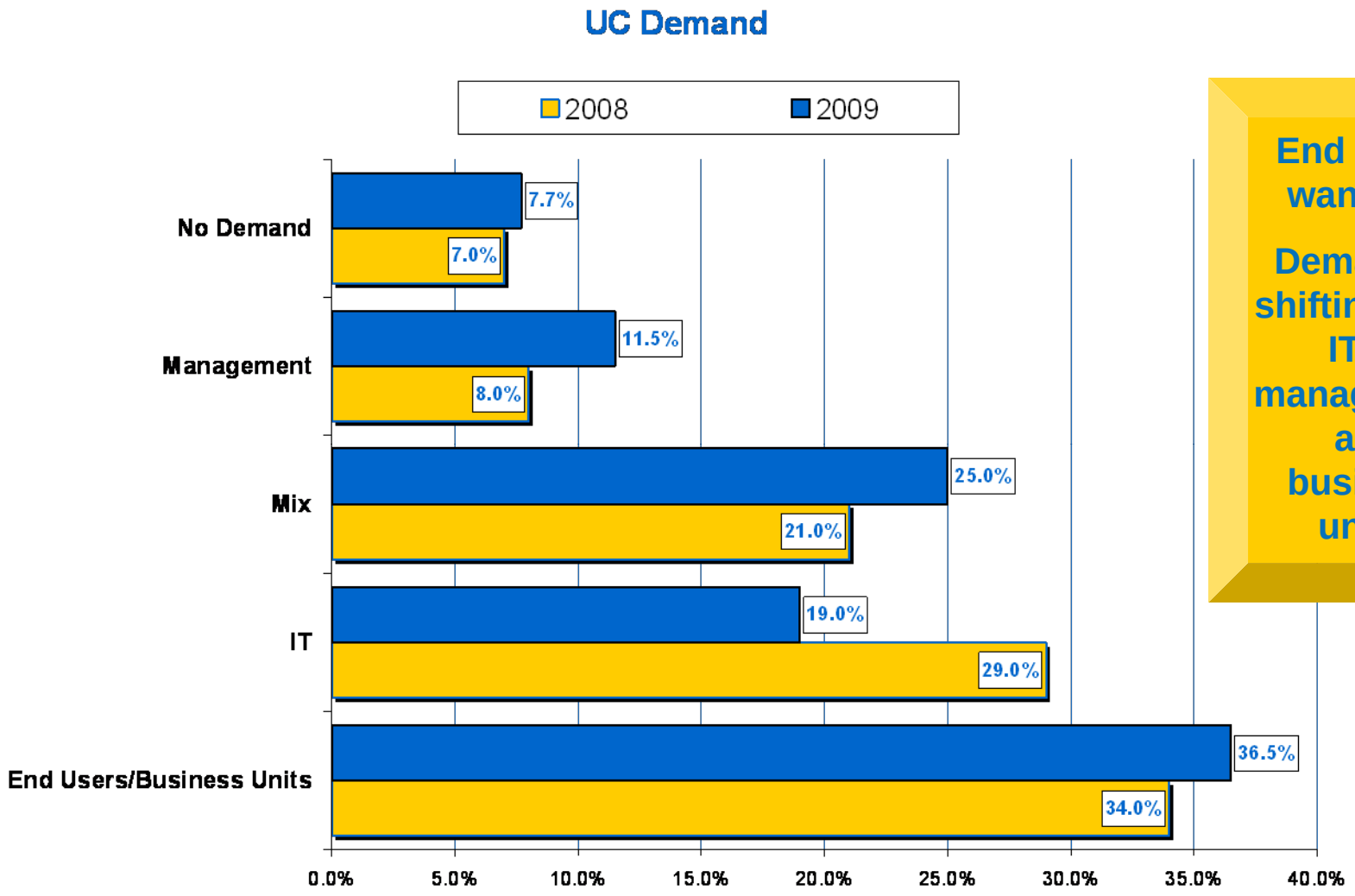
Which Group Owns the UC Budget?



Organizational Challenges

- Building the right organization
  - You need a UC “Czar”
- Determining demand
  - Where is it coming from?
  - Separating out “nice to have” from “must have”
  - Define “hard” ROI”
- Determining the right architecture
  - Single vendor vs. best of breed
  - Integration challenges
  - Hosted vs. owned
  - Role of managed services
- Determining support models

UC Demand

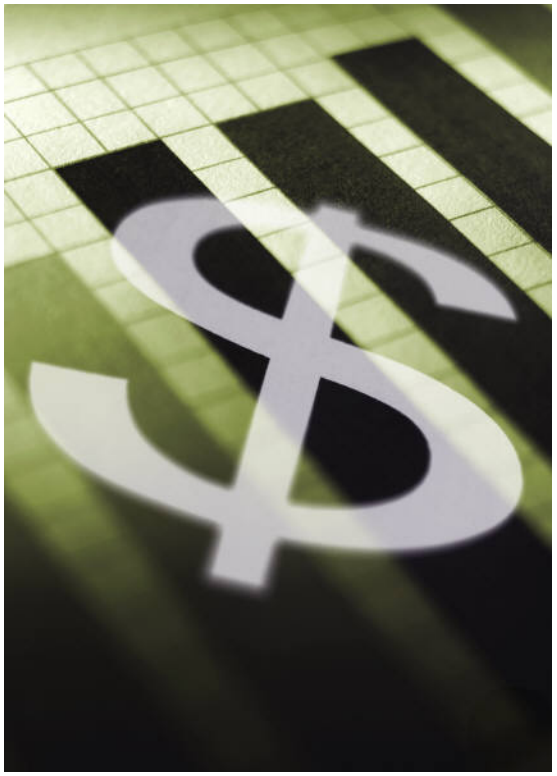


End Users want UC!

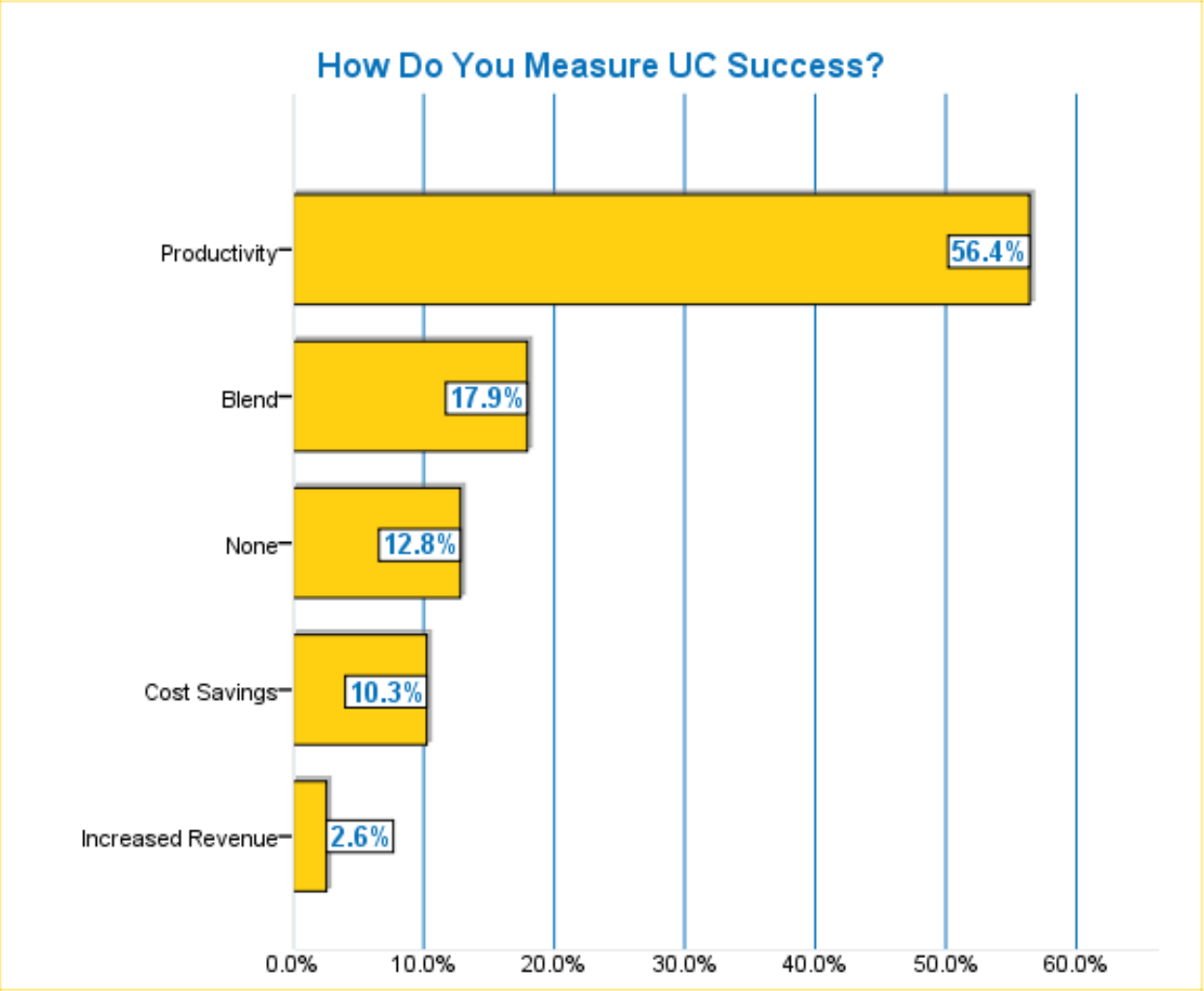
Demand is shifting from IT to management and business units.

The UC Business Case

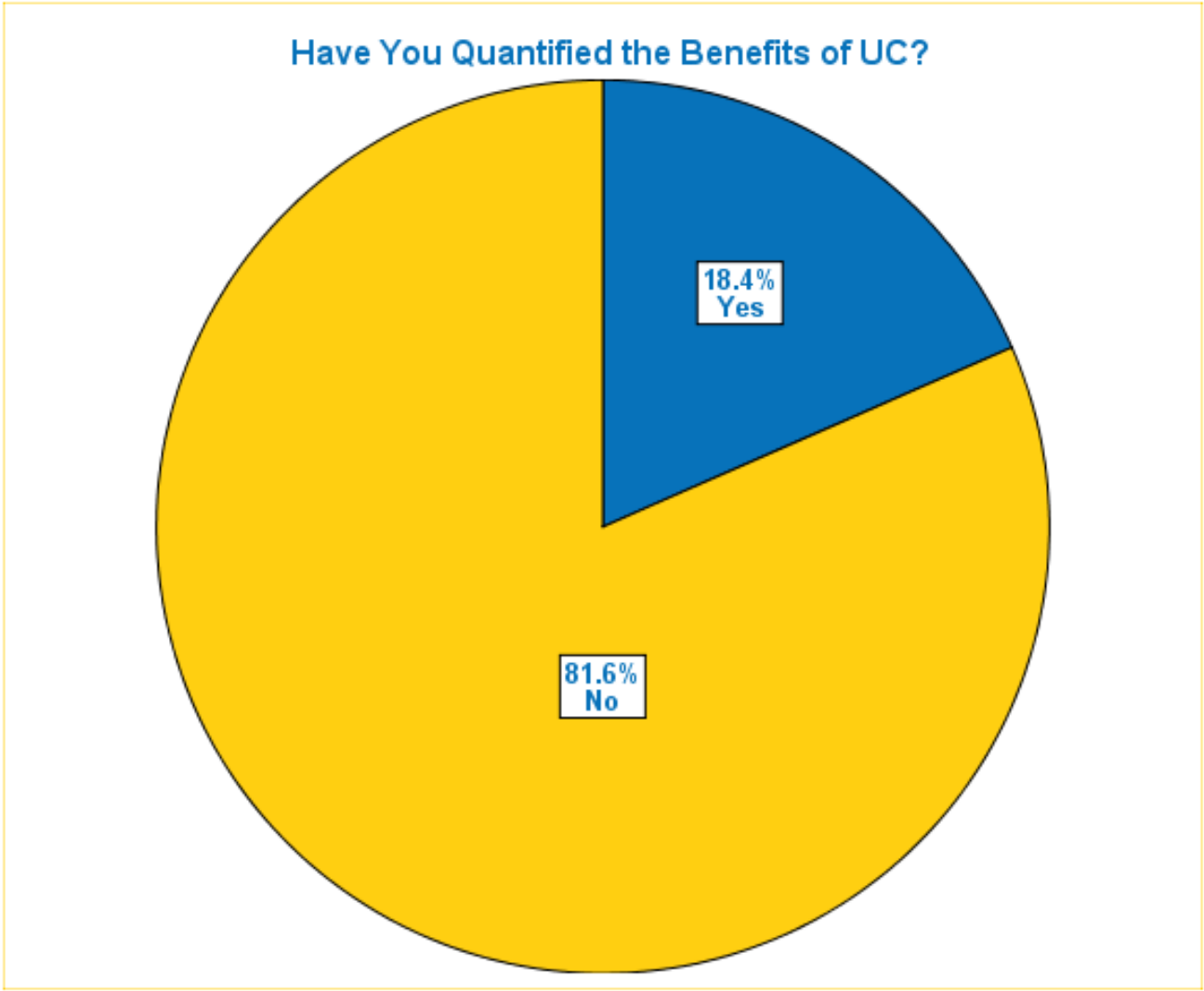
- The problem: business justification for collaboration technologies comes down to “soft dollars”:
  - Productivity
  - Better teamwork
  - Better customer service
- How do you define “better”? What is its business value to the company? Too squishy!



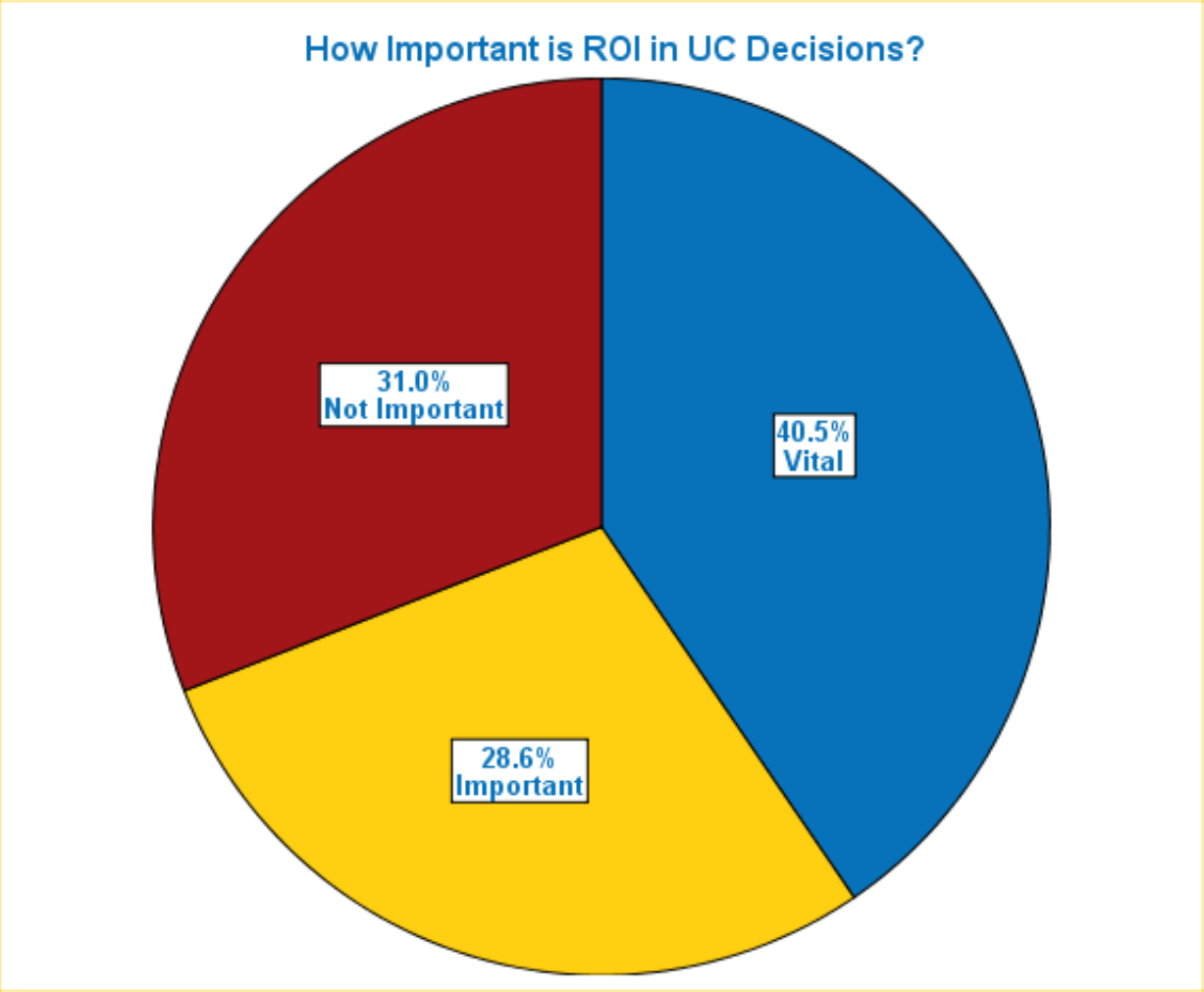
How Do You Measure UC Success?



Quantified UC Benefits?



How Important is ROI in UC Decisions?

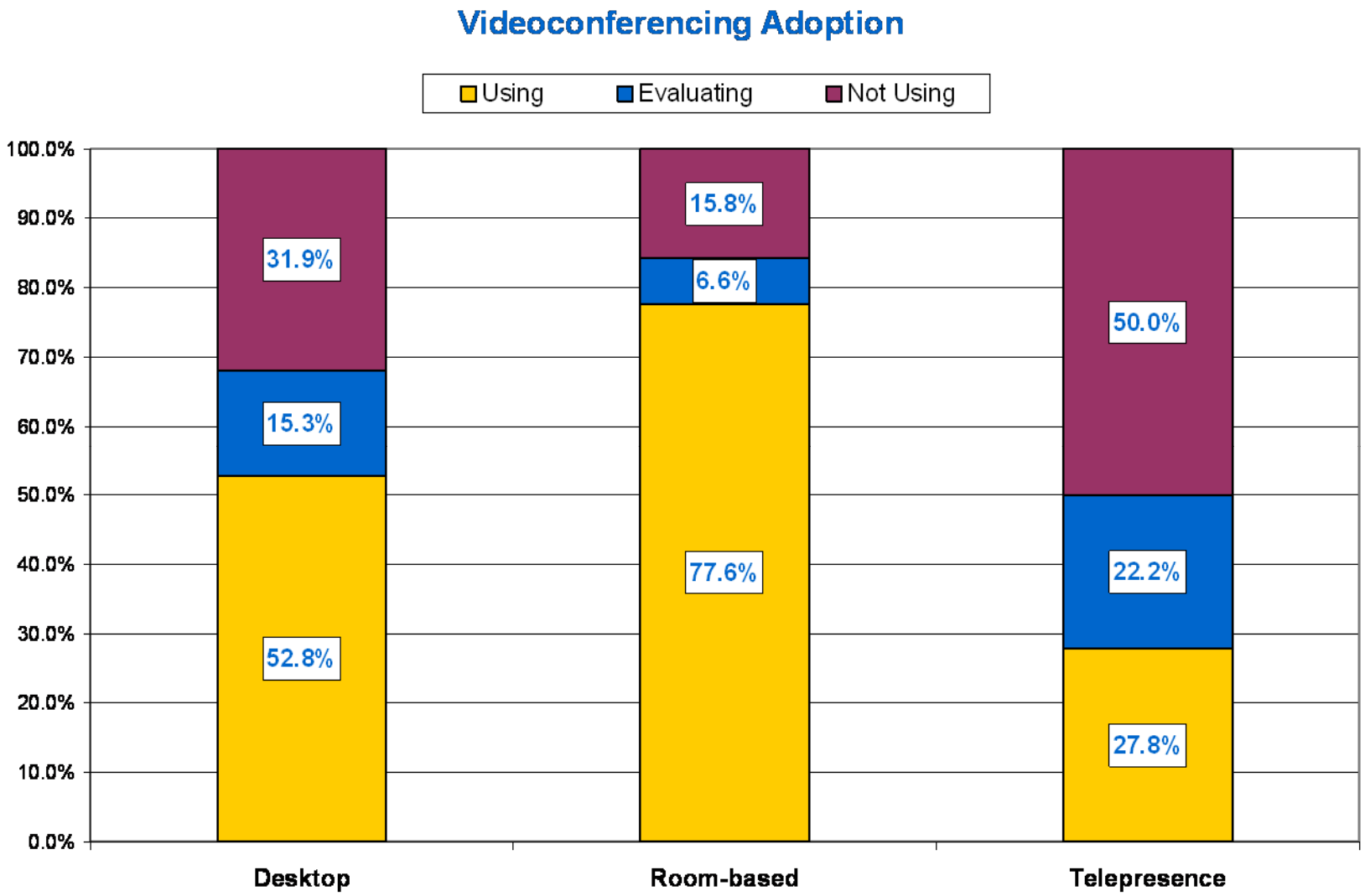


Example: Web Conferencing

- Enterprise client reported on average saving five minutes per meeting after implementing web conferencing
- Translates to potential annual savings of $3,700 per user
  - Obvious caveat, gained time must be put to productive use

Cost Calculator			Daily Savings		
Average Hourly Rate	Per-Minute Rate	Five Minute Savings	1000 Worker Savings	5000 Worker Savings	10000 Worker Savings
$44	$0.73	$4	$3,667	$18,333	$36,667

Video Conferencing Adoption, 2009



Enterprise Views: Video

- Room & Telepresence Are Most Valued
  - Our executives love telepresence and use it whenever possible
  - We're using video to reduce travel, save time, and make better decisions
- Less interest in desktop video
  - Desktop video conferencing is "too expensive from a bandwidth perspective"

Telepresence Challenges

- Bandwidth (typically 6 – 18 Mbps per room)
- Costs
  - Typically around $200,000 per room (varies by vendor, system)
- Scalability
  - Limits on number of participants
  - Extensibility to non-telepresence systems
- Location
  - Rooms aren't easy to move

Reducing Travel Costs

Telepresence Cost Model		
Number of Telepresence rooms	5	
	Per-unit Costs	**Total Costs**
Capital Costs	$375,000	$1,875,000
Operational--service	$90,000	$1,080,000
Operational--T3	$60,000	$300,000
First Year Costs		$3,255,000
Average length of trip (days)	7	
Average # of executives at meetings	12	
Airfare (business class) per trip	$10,000	$10,000
Hotel per day	$300	$2,100
Per diem	$400	$2,800
Miscellaneous	$2,000	$2,000
Total per trip		$16,900
# of trips to replace w/telepresence--1st year		193
# of meetings to replace with telepresence--1st year		16
# of trips to replace--subsequent years		82
# of meetings to replace--subsequent years		7

How To Build A Business Case

- Identify transactions & processes that could potentially be improved by making them faster or richer. “What if”…
  - We didn’t need to schedule a follow-up call to answer that question?
  - We didn’t have to search for that information?
  - We had the benefit of X’s insight when we needed it on this project?
- Confer with business process owners to validate improvement & gain buy-in
- Test-drive a prototype to uncover problems
- Measure “before” and “after” results!

Best Practices for Creating ROI Models

- Look for transactions that have measurable value that you're already tracking (project times)
- Break down components of transactions into time spent:
  - Locating resources
  - Providing context
  - Communicating information
- Determine value of
  - Enriching transactions (better context, more resources)
  - Expediting transactions (getting closure faster)
- Select appropriate technologies for
  - Locating resources (presence, knowledge management)
  - Providing context (messaging, backchannel communications)
  - Communicating information (conferencing)

Just-In-Time, Fetch-The-Expert

- **Challenge:** Obtaining real-time subject matter expertise
- **Solution:** Integrating data devices with presence
- **Outcome:** Measurable increase in close rates and decrease in sales cycles

Step 1: The Transaction

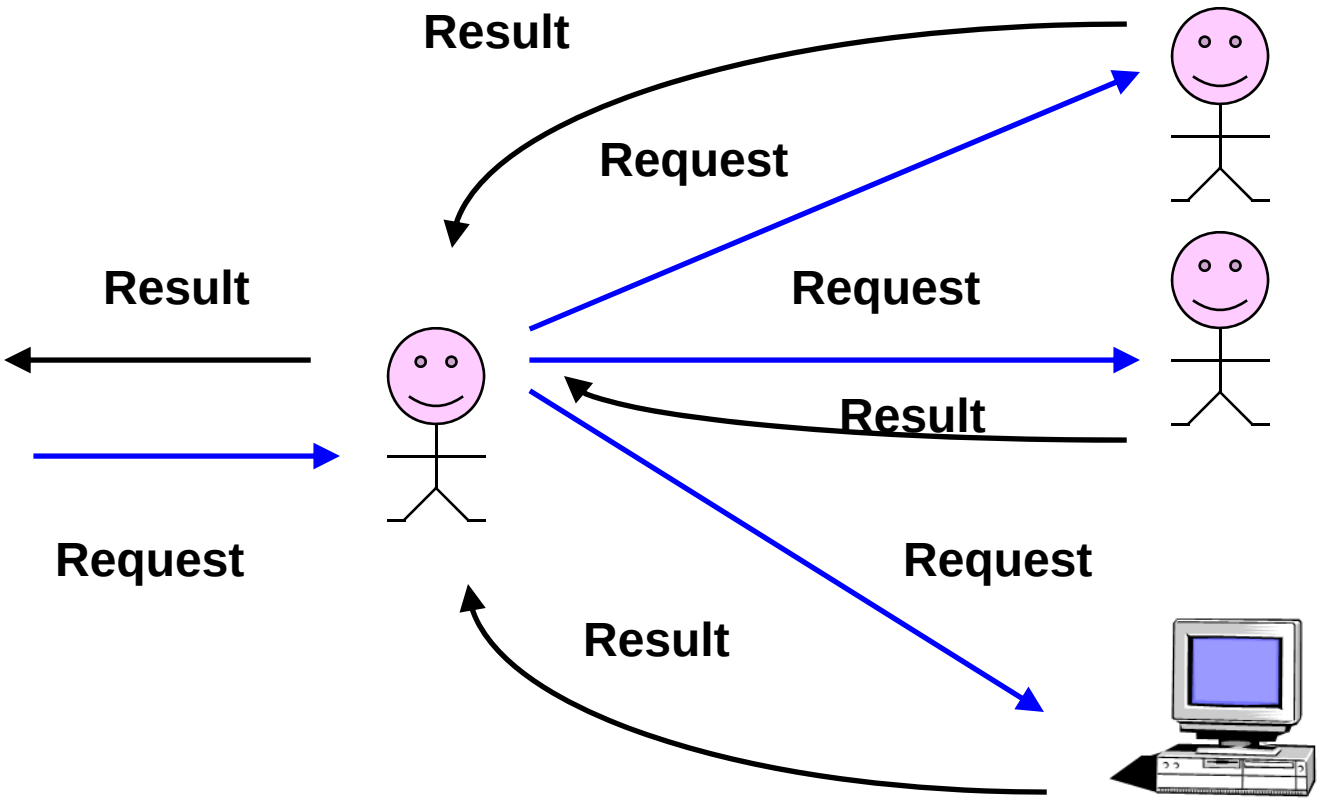
Every human interaction can be modeled as a transaction during which a human:

- Recognizes or accepts a request from a colleague, third party, or system
- To fulfill that request, makes additional (iterative) requests for supporting services from colleagues, third parties, and systems
- Delivers response to initial request

Examples:

- Support for field researchers
- Improving communications for distributed research teams

Step 2: The Transaction



Step 2: Improving the Transaction

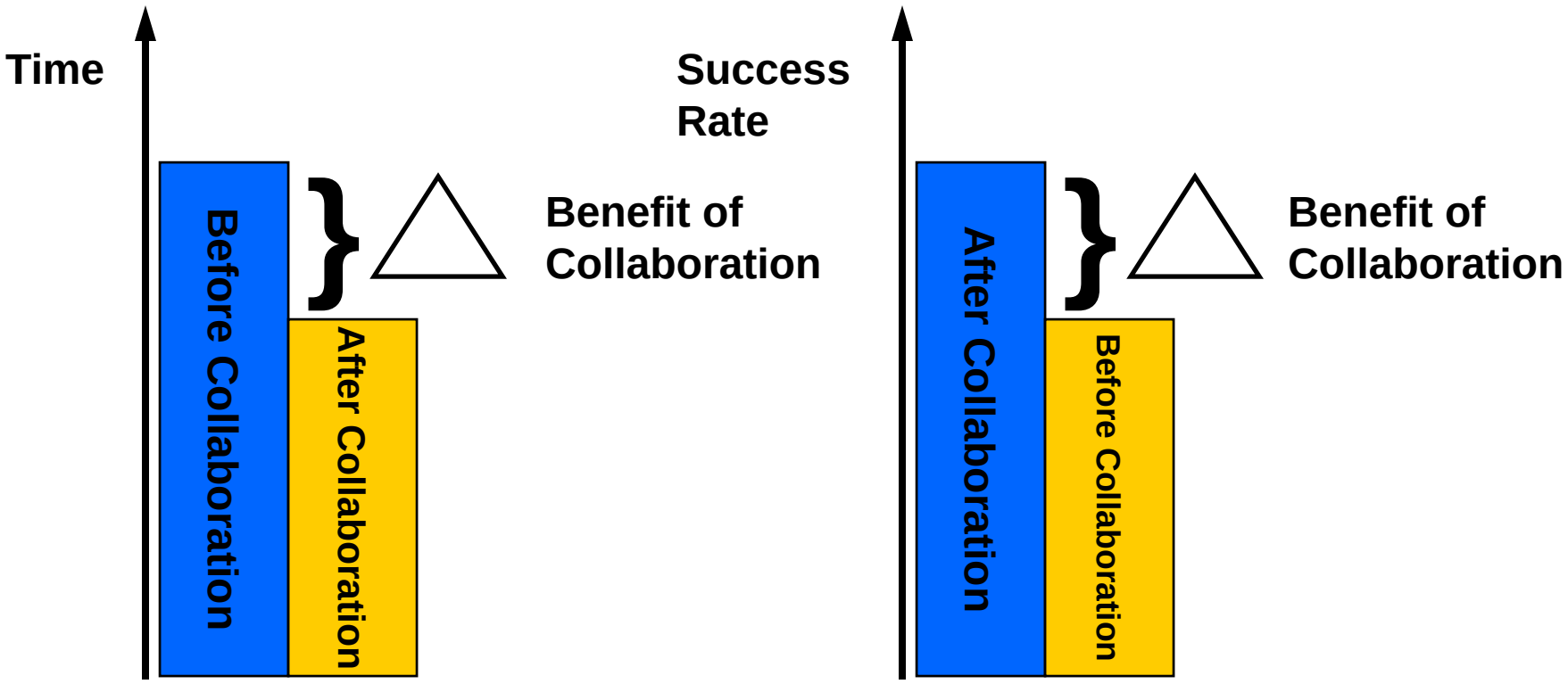
Collaboration technologies fundamentally deliver two main benefits:

1. Faster transaction speed (lower human-to-human latency)
2. Richer transaction value (more effectively leveraging brainpower & resources of multiple individuals).

"Faster" and "richer" DO have quantifiable business benefits:

- Faster = greater likelihood of success (improved course of treatment; more likely to recommend product)
- Faster also = more transactions per time (greater volume of transactions, and therefore greater volume of successful transactions)
- Richer = greater likelihood of success, however defined

Step 3: Measuring The Impact



Case Study: Unified Messaging

- Financial Services
  - Unified messaging on PCs and PDAs saves traders 25 to 30 minutes/day retrieving voice mails and responding to peers and clients.
- Benefits
  - At $125/hour, return is $10,000 to $18,000 in 1 year.
  - Hurdle: Complexity of FS companies: Growth by M&A leads to complexity in phone central switching, desk sets, desktop computing, and back-end email systems.

"Trader-in-a-box." Includes choice of mobile devices, integrated UM, real-time feeds from Reuters, Bloomberg, etc., mobile & desktop video, presence status, IM, ability to switch from WiFi to cellular (evaluate Divitas application)

Case Study: Video Conferencing

- Manufacturing Firm
  - Extensive travel, regional, national and international
  - Need to cut travel budgets due to recession
  - Implemented telepresence and room-based video system using HD end-points
- Benefits
  - Results: 30% reduction in travel with 7 sites, another 18% reduction in travel with 6 more sites.

"Our executives are fairly demanding and they love telepresence, our product teams are finding value in HD conferencing to speed product development and improve collaboration"
– Sr. Telecom Architect

Case Study: Videoconferencing

- Government
  - State & local government offices span many miles
  - Regular meetings are important, but time spent commuting to them is unproductive
  - IP video is cost-effective way to bring teams together
- Benefits
  - Average savings: 2 hours per week for about 25% of employees
  - 12-36-month payback

"We're physically distributed and a crowded county in terms of traffic. Video is something we did early on. It didn't make sense to have someone drive 1 hour for a 30-minute meeting. We have weekly emergency management meetings. Everybody has got things to do, so we do them via videoconferencing."

--CIO, large county government

Case Study: Presence

- Healthcare
  - Doctors can save 45 – 60 minutes per day dealing with patient & nurse inquiries, lab and pharmacy questions.
  - For a primary care physician, at $93/hour, the savings can run from $35,000 to $50,000 in a year (significantly more for specialists and surgeons)
  - Healthcare companies also face M&A-born integration issues.

"Medical Messaging." Includes unified messaging capabilities at any hospital/physician office phone or computer, as well as mobile device. Presence status of immediate medical team at minimum, with IM capabilities, to address urgent issues. Logging/tracking capabilities to trace when orders happened.

Case Study: Conferencing

- Financial Services
  - Extensive costs for hosted audio and web conferencing. Desire to reduce costs due to budget cuts.
  - Implemented SIP-based on-premise audio and web conferencing
  - Reduced conference spend by 90%, even after adding additional lines for external participants

"We saved hundreds of thousands of dollars a year by eliminating a hosted service, plus we got better integration into both our phone and desktop applications and implemented meet-me conferencing"

--CIO, Global Financial Services Organization

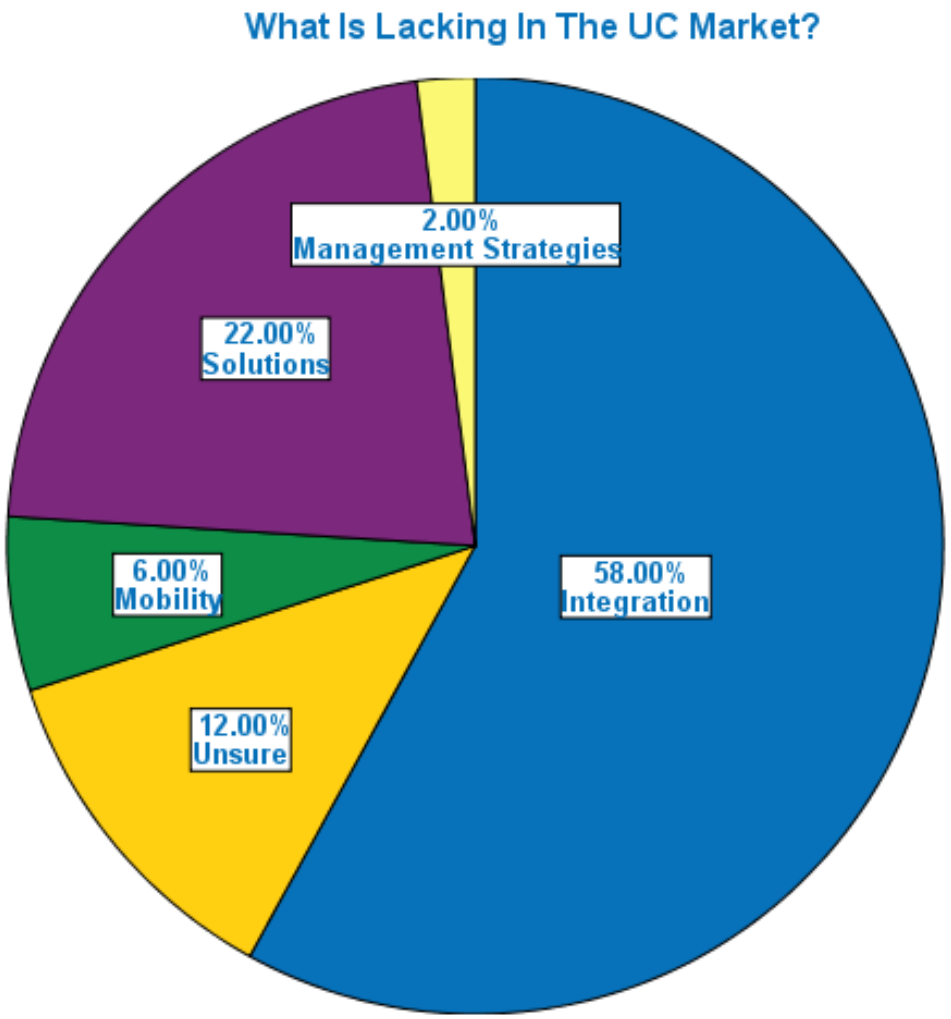
Mobility & UC

- *Mobility & Unified Communications*
  - Wireless VOIP phones for mobile administrators
  - ‘Broadcast’ voicemail messages to groups of teachers, students, classrooms.
  - Teachers in classroom can look up, click-to-dial parent contact info from IP phone.
  - Parents of students who are late/absent can automatically be notified via email/phone recording when attendance info entered in IP phone.

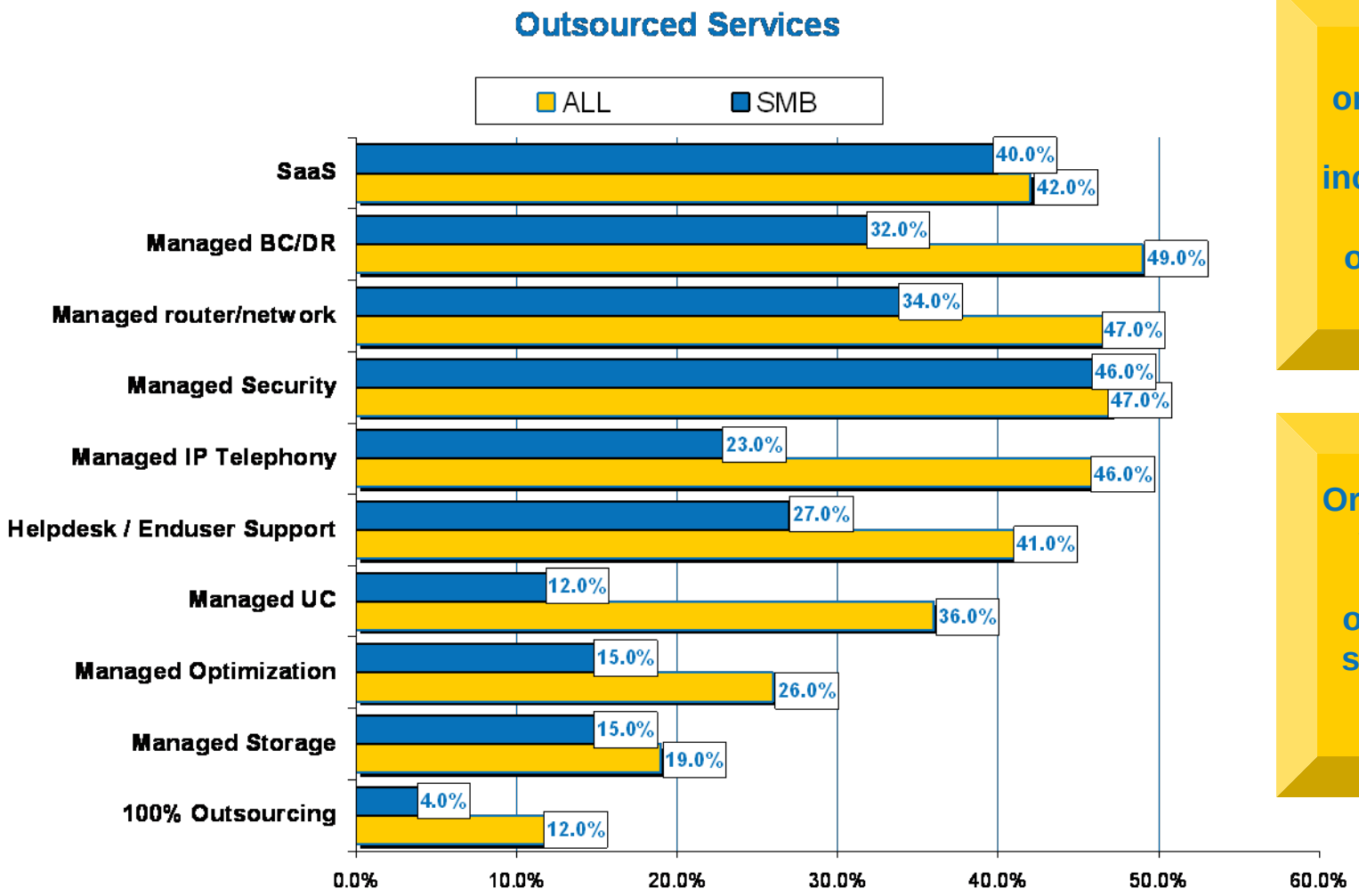
“Location transparency is the main thing. We're trying to establish ourselves as a distributed university in the area. Supports teleworking in a big way. Mobility is a big thing. Presence and conferencing are big, too.

--CIO, large university

What Is Lacking In The UC Market?



Org & Ops: Outsourcing

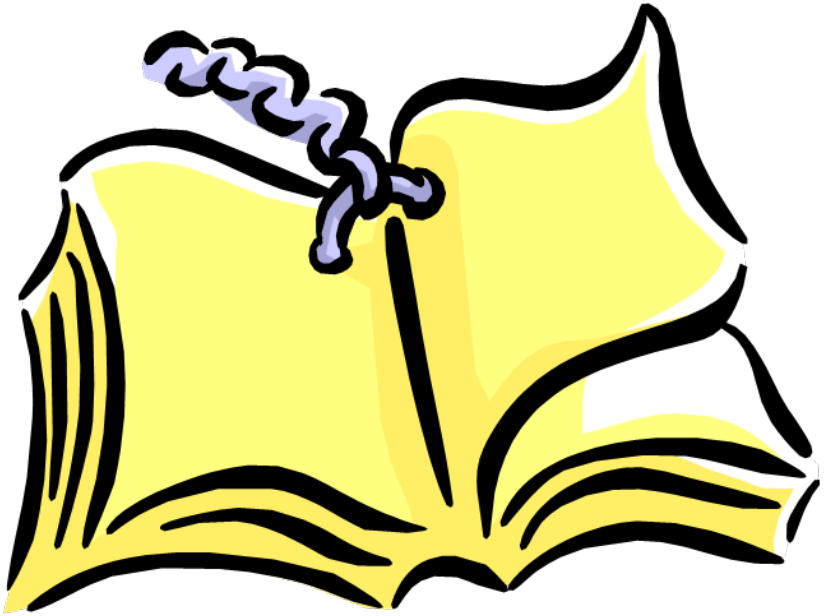


60% of organizations have increased their use of outsourcing

Organizations will use 4 different outsourced services on average

Directory

- Lack of common directory presents UC challenges
  - How to correlate presence information for users from multiple directory systems?
- Integrated directory becomes a pre-requisite
  - Federation services emerging for external connectivity.

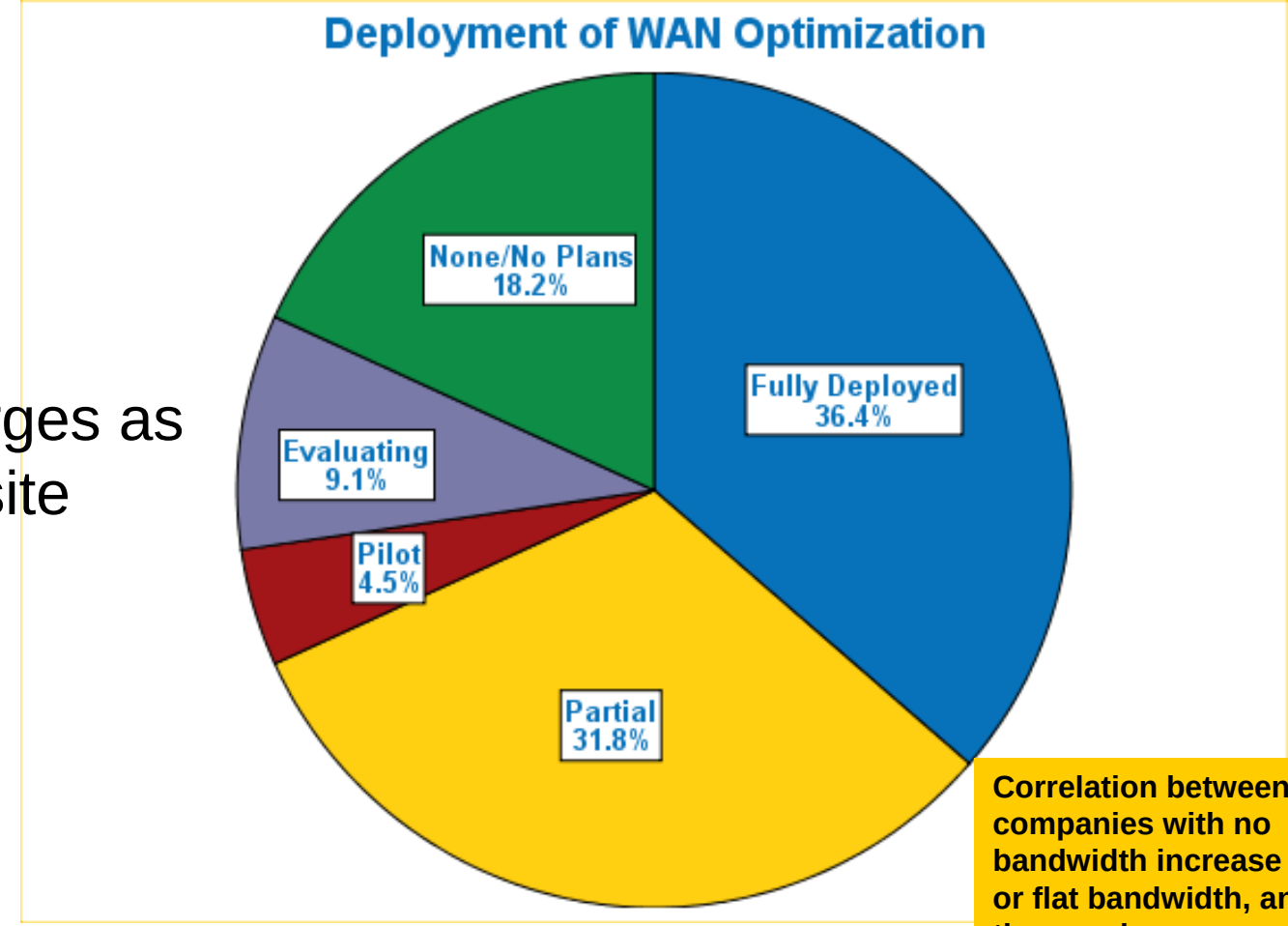


Management

- Why is Management Becoming So Important?
  - Network Complexity
  - New Application Plans
  - Mobility
  - Fewer IT resources internally
  - End user demands
  - Globalization
  - More remote workers & branch offices
- UC adds more complexity
  - Presence management
  - Integrated rich media
  - Application integration

Optimizing The Network

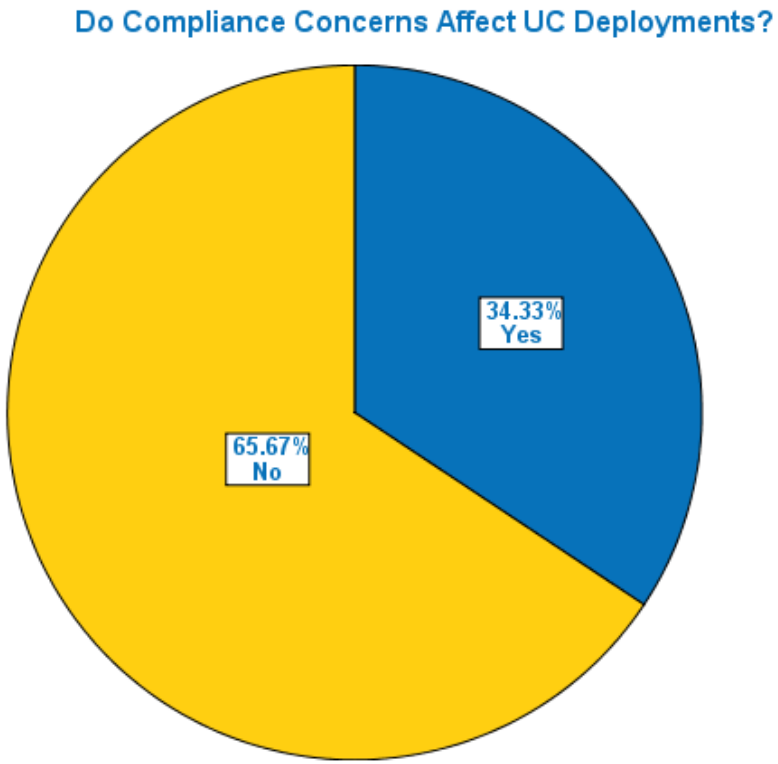
- Key issues
  - Reliability
  - Latency
  - Jitter
  - Bandwidth
- MPLS emerges as a pre-requisite



Correlation between companies with no bandwidth increase or flat bandwidth, and those using optimization.

Compliance Concerns Affect UC Deployments?

- Limiting:
  - We don't want our voicemail messages stored!
- Promoting
  - We need to store our voicemail messages!
- Check with your legal department, or your lawyers
  - FRCP – Federal Rules of Civil Procedure for Electronically Stored Information

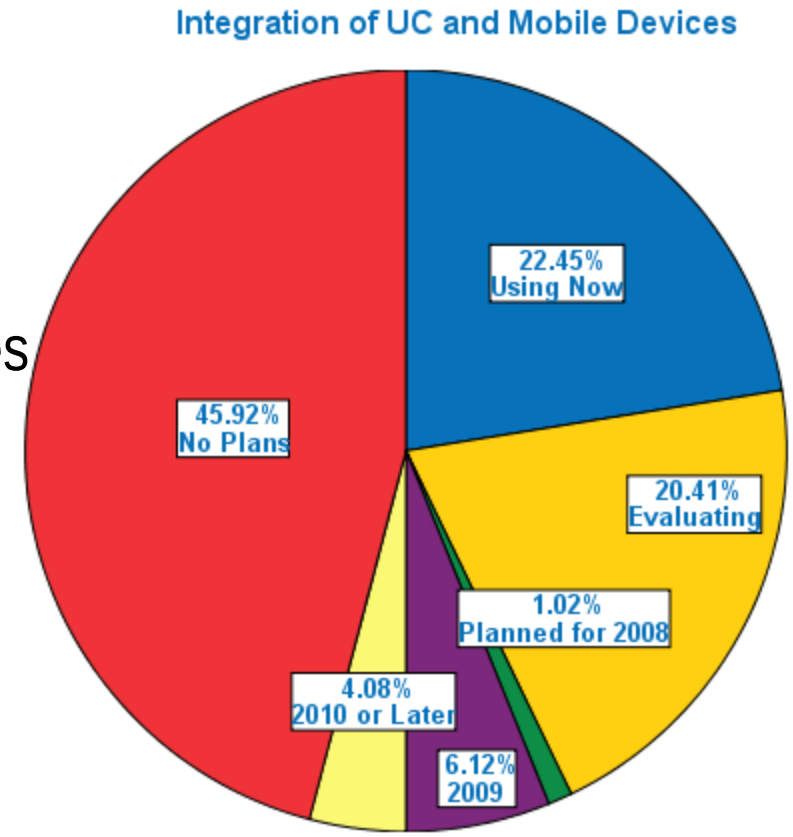


Do you have a Mobility Strategy?

- Mobility strategy
  - Integrating wireless and mobile devices into communication and collaboration planning
- Benefits
  - Able to strategically rather than reactively plan for and exploit opportunities to leverage mobile services
- 75% of companies now have a mobility plan

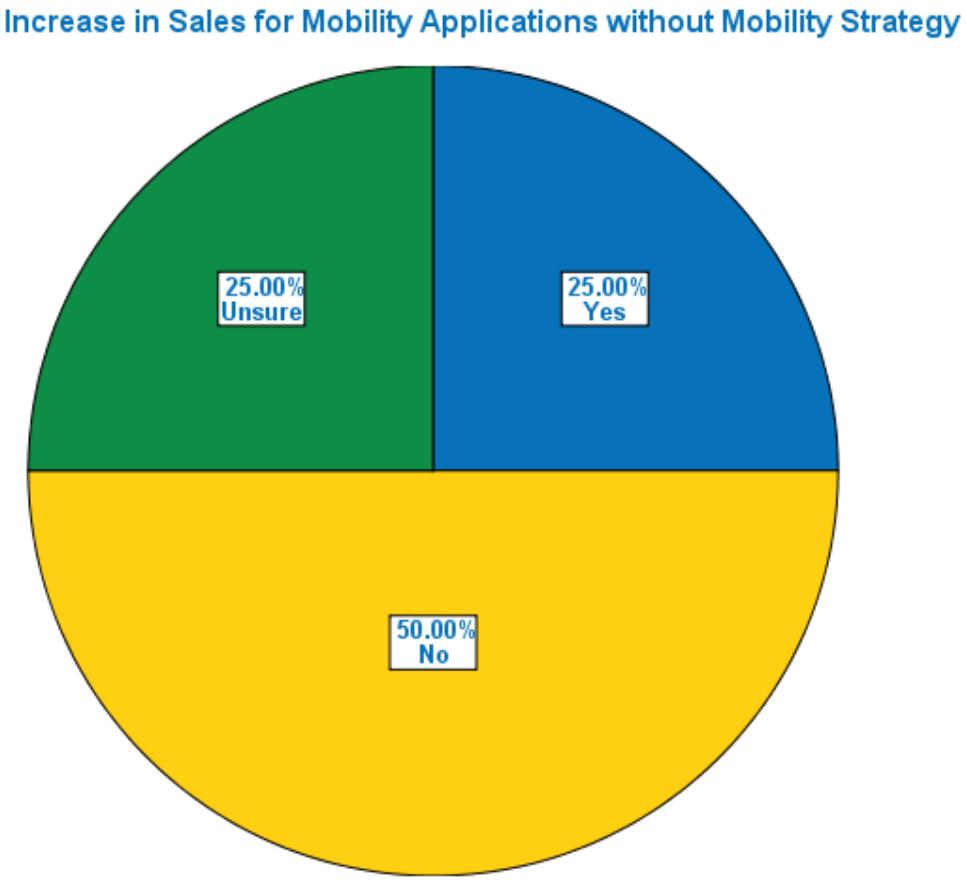
Integration of UC and Mobility

- Examples
  - Avaya, Cisco, NEC, mobile UC clients
    - Find-me-follow-me
    - Presence status updates
    - Instant messaging
- Application mash-ups
  - Geo-presence tracking
  - Where are my people? Where are my trucks?



Mobility Strategy and Sales

- Real-world benefits from integration of UC with mobility strategy
  - Mobile sales personnel better able to respond to messages
  - Better able to find subject-matter experts
  - Result: More sales (40% “Yes” for those with a mobility strategy)



Security

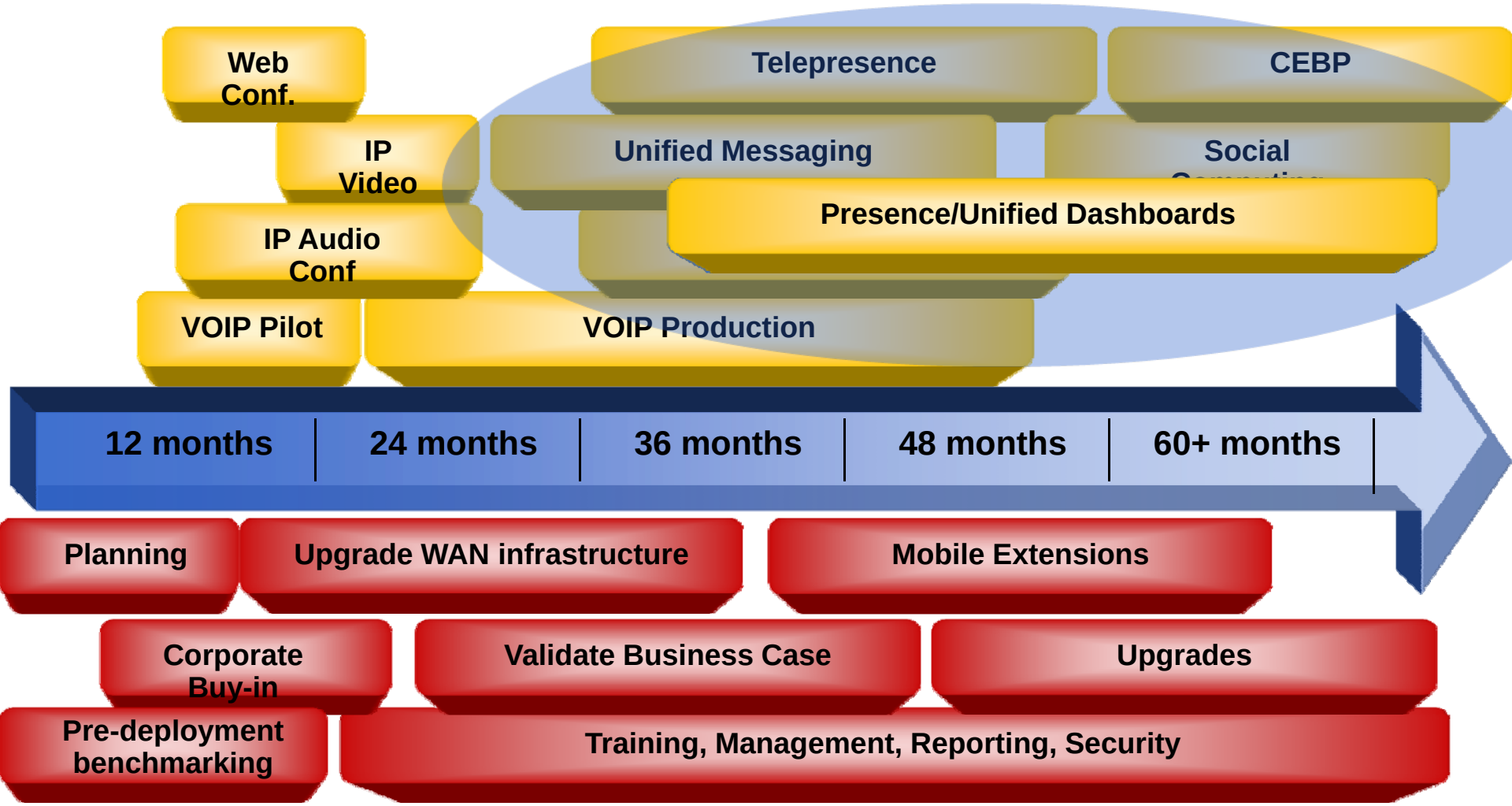
- UC Security
  - Consider early on in the planning process
- What are the threats?
  - Attacks on underlying network (availability)
  - Mis-use of services
  - ID theft
- Consider policies
  - Who can see my presence status?
  - What details can they see?

Recommendations

General Recommendations

- Converge your staff or assemble project group; select one person to run project
  - You need a “UC Director”
- Cast a wide net for vendor/carrier selection
- Develop ROI that is all-encompassing
  - Budget for IP telephony management tools
  - Don’t overlook savings for MACs, conferencing, RTC Dashboards, circuits, personnel
- Consider mobility early in planning process
- Look to integration partners

Typical Deployment Timeline



Thank you!

Questions?

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