

What's the Value of Unified Communications?

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With so many ideas and definitions of Unified Communications (see the NEC whitepaper “What Is Unified Communications, Really?”), it can be difficult to determine what, if any, value can be gained from Unified Communications.

It is becoming obvious to the business sector that executives are not thrilled with the current level of business performance. As statistics from a study¹ conducted by the Aberdeen Group in March 2007 show, 63% of the respondents believe that productivity is very important to the overall business performance. However, out of that group only 14% are satisfied with their current level of productivity.

Unified Communications (UC) is the way for businesses to address this concern. UC provides the applications that deliver the ROI (Return on Investment) savings that customers purchasing IP telephony systems require. In essence, Unified Communication enables customers to experience greater productivity through the convergence of communication channels and business processes using a combination of technologies, devices and services, including presence, status, mobility, collaboration, video and voice conferencing, and messaging.

There are several additional market drivers for Unified Communications. These are as follows:

- Customer connections – Business strive to develop more profitable customer relationships with integrated and easy-to-use collaboration solutions while maintaining the ability for anywhere communications, and the ability for customers to have priority communications to their vendor contacts.
- Mobile workforces – Enterprises look to increase the productivity of mobile managers and knowledge workers by enabling anywhere communication.
- Real world business processes – Companies want to use technology to simplify, and even solve, common business problems such as communication, travel costs, and timely distribution of business impacting information.
- Regulatory compliance – There is a need to reduce the complexity of compliance solutions and processes through familiar and easy-to-use applications.
- SIP – SIP protocol use for applications, VoIP, and PSTN trunking is driving standardization that is making it technically possible to unify different communication products.
- User terminal consolidation – Manager and knowledge workers currently have to manage multiple communications devices (Blackberry, voice applications on cell phone, data applications on cell phones, Wi-Fi phone, desktop phone, laptop computer, etc.).
- Common GUI – Communication application behavior is currently different between various devices (such as presence on the cell phone network vs. presence at the workplace) so customers want a unified capability (similar look and feel).
- New technologies – Integrated computer functions and applications using presence and voice dialing features are now available in the market place that makes Unified Communications possible.

According to the March 2007 Aberdeen Group study, the top business driver for UC (40% of respondents) is the customer demand for more personalized services. The second driver (at 25%) is the use of disruptive technologies to enable new products and services to acquire new customers. Full respondent details are shown in the following chart.

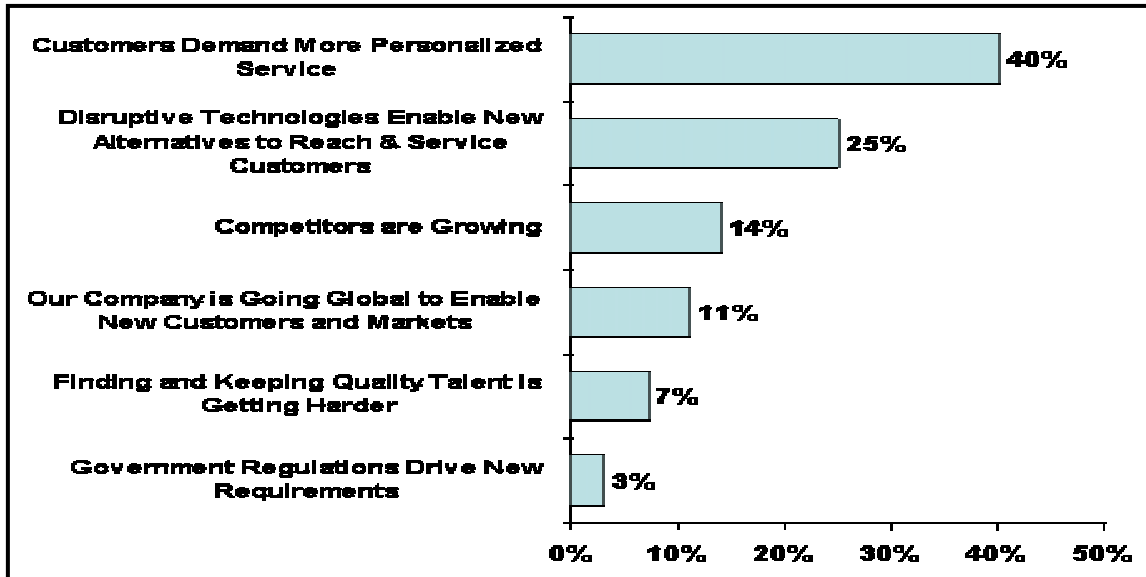


Figure 1: Top Business Drivers for UC (Source: Aberdeen Group, March 2007)¹

When examining the sources of value for Unified Communications, the following list summarizes the typical components:

- Single number reach
- Speedier decision making
- Flexible and scalable solution for employee mobility
- Less integration issues/costs for the IT department
- Allows companies to react to change better and faster
- Improved business continuity scenarios
- Collaboration (application & doc. sharing, whiteboard, chat)
- Reduced travel costs
- Expanded business reach
- Rich Presence
- Improved Customer Service
- New IVR services
- Industry standard solution for interoperability
- Easier for end users because there are fewer devices to manage
- Less training costs with integrated solution
- Instant messaging (IM) solution

- Ability to optimize geographically diverse people (seamless teaming)
- Low cost and administration

One of the biggest benefits of Unified Communications is that it empowers users with Single Number Reach. In a study² conducted by Forrester Research in February 2006, over 75% of the respondents stated that single number reach for decision makers would save the company time and money. This primarily results from an employee actually connecting with a decision maker so that the employee can perform a task, close a business transaction, or perform another non-routine task. In addition to time savings, these activities often have an opportunity cost associated with them that can far exceed time savings.

The following chart quantifies typical time savings that can be achieved according to the data from Forrester Research.

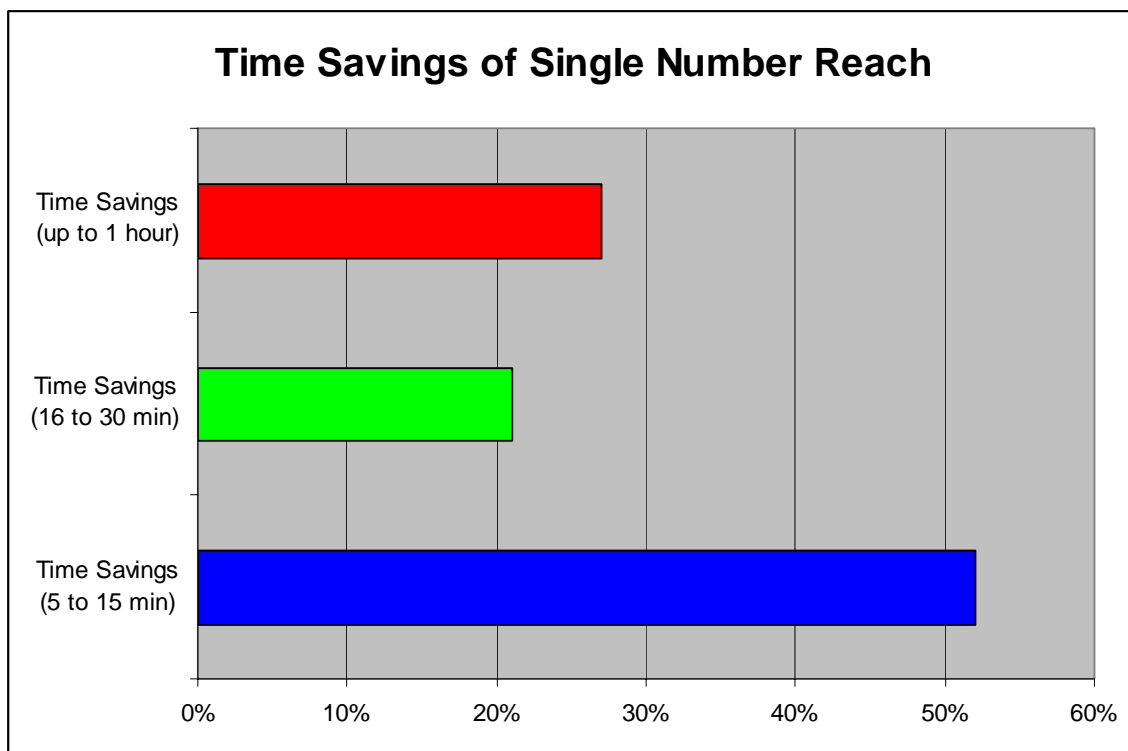


Figure 2: Single Number Reach Time Savings (Source: Forrester Research, Feb. 2006)²

A primary benefit of single number reach is that it results in speedier decision making. As the workplace changes and more employees travel this becomes a larger issue. For instance, according to a Sage Research study³ from September 2005, approximately 27% of the employees of IP-enabled companies travel at least once per month. With more employees and managers out of pocket, decisions that affect business are often postponed, resulting in significant financial costs. While this may be somewhat difficult to quantify, what's the cost of a lost deal for your company?

Another fundamental benefit of Unified Communications is that it creates a flexible and scalable solution for employee mobility. Employee mobility is based upon the inherent aspects of IP as well as IP applications. Therefore, mobility is a result of both wired and wireless features such as: extension mobility, Wireless LAN, softphones, Fixed Mobile Convergence (Cell-Fi), etc. All of these features deliver value and cost savings.

The cost savings will naturally depend upon the degree of implementation. For instance, at least one of NEC's customers was able to save up to \$2,000 per month on long distance charges when using softphones for domestic and international travel.

Wi-Fi is another example of potential productivity savings. In the Forrester Research study² from February 2006, 74% of healthcare respondents believe that portable wireless devices would save at least ½ hour of time per day per person for nursing staff. In addition, faster response times are also part of the value proposition as this directly correlates to better customer service and satisfied customers.

Less integration issues and costs for the IT department is always a concern for businesses. According to a study³ conducted by Sage Research in September 2005, 22% of organizations experience monthly communication-caused delays to company projects and 13% experienced weekly delays. Unified Communications will help minimize these issues because key personnel are more accessible and information can be relayed better and faster.

For businesses, Unified Communications will be an indispensable feature in the future because it allows companies to react to change better and faster. As technology changes start to accelerate, businesses need to keep up with those changes. For instance, when email was first introduced, it was not considered vital to the company. In today's economy email is vital. Unified Messaging (a typical component of UC implementations) is another example. A Sage Research study³ revealed that "employees without unified messaging spend more than 75 minutes a day handling e-mail, voicemail, and fax messages. But central management of unified messaging saves people an average of 43 minutes a day – a 57% improvement in productivity." A Unified Communications client is an upcoming technology improvement that will have the same effect. Currently, a UC client may be viewed as a luxury but in a couple years this feature will be a mainstream business requirement.

Improved business continuity scenarios also result from IP telephony and Unified Communications. IP, by its nature, allows anytime, anywhere access. When this is combined with user mobility and IP fail-over techniques from vendors like NEC, this becomes a powerful capability. Fail-over scenarios that were extremely costly and difficult to implement in the TDM world now become automatic in an IP world and can be implemented at a much lower cost.

Collaboration is another value packed feature of Unified Communications. Collaboration can include many things like: application and document sharing, whiteboard, chat and conferencing (voice, video and web). Hard and soft cost savings abound around this feature. For instance, one of NEC's customers is able to save up to \$3,000 per month on voice conferencing costs when using IP-based VS-32 conference servers. This equates to approximate savings of \$35K per year and does not include video and web conferencing savings. Other savings also result from decreased travel costs. Face to Face meetings can now be replaced using desktop sharing and cost effective video conferencing.

Collaboration is also an effective way to maximize knowledge transfer. In a study⁴ from IDC in 2006, it was found that knowledge workers spend between 15 to 35% of their time searching for information and are successful in finding what they seek only 50% of the time or less. In addition, the study found that 40% of corporate users cannot find the information they need on their intranets to do their job. With information repositories such as Sharepoint, unified messaging and conferencing capabilities, workers can be kept informed better than before.

Another benefit of Unified Communications is expanded business reach. With the suite of applications that are available to employees and managers, businesses are better prepared to capture business opportunities and thereby increase revenue and profit. Employees are no longer tied to their desk and can pursue more business opportunities from more locations.

Presence, especially Rich Presence, is also a key component of Unified Communications. With this functionality, users will be able to automatically tell if other users are available for conversations and what medium they prefer. This feature, along with Find Me/Follow Me, enables users to connect better and faster than using the old method, i.e. guess work. With presence supported across multiple devices, the effort of contacting people can be streamlined and simplified.

With the integration of different devices such as call centers, presence, softphones, etc., UC applications can significantly improve customer service. Customer representatives have faster access to information as well as more correlated information. For instance, new IVR services are available with Unified Communications, due to the tight integration between applications. Interactive Voice Response can significantly improve application functionality by providing the user with voice automated features that make it easier for the user to multitask as well as provide input for call routing.

IVR's can also be used for other activities such as automatic notification of appointments and other events. Examples includes: doctors offices, student grade level warnings and absence confirmation for parents, a substitute teacher finder routine, and salon appointment as well as dinner reservation appointment reminder/confirmation. All this allows business owners to reduce costs by freeing up administrative staff time and allowing them to tend to their primary tasks. Businesses can also save money on stamps for mailed appointment reminders.

A benefit of Unified Communications will be industry standard solutions resulting in improved interoperability. This has been a long desired feature by businesses. Businesses simply want the technology to work well and interoperate with systems. UC will become a force for change and will help drive interoperability. This will be especially true in the area of presence and Fixed Mobile Convergence.

Unified Communication makes life easier for end users because there are fewer devices to manage. This comes about from device consolidation and a UC client that can provide a common look and feel across remaining devices. For instance, from a Sage Research study³ in September 2005, business and technology decision makers averaged having at least 6 communication devices and each employee had almost 5 communications applications.

This in turn can lower training costs that are associated with integrated UC solutions. Instead of the customer base trying to integrate separate technology, now UC allows customers to implement technology that is pre-designed to work together, thus avoiding significant post sale integration headaches. In addition, with a common look and feel across multiple devices, this makes it easier for end users which equates to less IT staff time to resolve issues.

Instant messaging (IM) solutions are part of Unified Communications. This technology is not only a handy feature that has been accepted well in the consumer market but is an important business feature for enterprises in certain vertical markets. For instance, the finance vertical uses this feature to send quick communications between workers. When time is of the essence, workers need technology like IM that can assist them in a fast paced environment.

The ability to optimize geographically diverse people (seamless teaming) has become paramount to enterprises and medium businesses. According to a Nemertes Research study⁵ in 2005, 90% of worldwide workers did not work at the corporate headquarters. In addition between 40 to 70% of the workers did not even work in the same location as their supervisor. This makes team work even more difficult to create and manage. At the same time, the cost savings of remote workers has been hard to ignore in a global economy.

Telecommuting has been another important trend that is creating remote workers. According to In-Stat⁶, 44 million Americans telecommuted either full time or part time in 2004. This figure is expected to increase to 51 million by 2008. Many aspects of Unified Communications effectively deal with managing the issues around this workplace trend.

Streamlined administration is another aspect of Unified Communications. Functions and features, previously in silos, are now consolidated parts of UC. This makes management easier and more streamlined and typically results in lower administration and management system training costs. In addition, productivity improvements for users and IT administrators due to less mail boxes/devices to manage can be realized.

In the end, the value of Unified Communications can be enormous. Unified Communications essentially opens the floodgate to productivity because applications are what really deliver the value. However, the degree of savings mirrors the degree of investment.

Please see the NEC website at www.necunifiedsolutions.com for more information about how you can use NEC products and solutions to meet your business goals.

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1. Getting More Out of Unified Communications, Aberdeen Group. March 2007.
 2. Unified Communications Industry Study, Forrester Research Inc. February 2006.
 3. Unified Communications Application: Uses and Benefits, Sage Research. January 2006
 4. The High Cost of Not Finding Information, IDC. July 2001.
 5. Building the Successful Virtual Workplace, Nemertes Research. March 2007.
 6. Enhancing Business with Smarter, More Effective Communications, Cisco Systems, Inc. 2007.